DOCUMENT RESUME

ED 204 592 CE 029 521

TITLE Oversight Hearings on Proposed Budget Cuts for Vocational Education. Hearings before the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor, House of Representatives. Ninety-Seventh Congress, First Session (March 4-5, 1981).

INSTITUTION Congress of the U.S., Washington, D.C. House Committee on Education and Labor.

PUB DATE 81

NOTE 120p.: Not available in paper copy due to small print.

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.

DESCRIPTORS Adult Education: *Budgets: Economically Disadvantaged: Educational Benefits: *Educational Finance: *Educational Needs: Educational Planning: Educational Policy: *Federal Aid: *Federal State Relationship: Financial Support: Labor Needs: Needs Assessment: Older Adults: Position Papers: Postsecondary Education: Program Costs: Public Policy: Secondary Education: State Programs: Urban Areas: *Vocational Education

IDENTIFIERS Congress 97th: *Federal Budget

ABSTRACT

These Congressional hearings, held in Washington, D.C., in March 1981, contain 24 pieces of testimony on the implications of the proposed budget cuts for vocational education. Government agencies and private organizations represented at the hearings included the West Virginia Department of Education: the Kaiser Aluminum Company of Charleston, West Virginia: the Massachusetts Department of Education: the Caterpillar Tractor Company of Peoria, Illinois: the First National Bank of Boston: the Golden Triangle Vocational Technical Education District: the Department of Education of Salem, Oregon: the Daniel International Corporation: Illinois Central Community College of Peoria, Illinois: the Northside Lumber Company of Philomath, Oregon: and the state departments of vocational education of Wisconsin, Mississippi, and New Mexico. Discussed at the hearings were such topics as the impact of federal budget cuts on various state vocational education programs: benefits of vocational education: impact of federal vocational funds: labor needs: training needs of special populations (older workers, urban residents, and the handicapped), and the effect of federal funding on secondary, postsecondary, and adult vocational education programs. (MN)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED204592

OVERSIGHT HEARINGS ON PROPOSED BUDGET CUTS FOR VOCATIONAL EDUCATION

CE

HEARINGS

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, D.C., ON MARCH 4 AND 5, 1981

Printed for the use of the Committee on Education and Labor

CE029521

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

U.S. GOVERNMENT PRINTING OFFICE
77-287 O WASHINGTON : 1981

COMMITTEE ON EDUCATION AND LABOR

CARL D. PERKINS, Kentucky, *Chairman*

AUGUSTUS F. HAWKINS, California
WILLIAM D. FORD, Michigan
PHILLIP BURTON, California
JOSEPH M. GAYDOS, Pennsylvania
WILLIAM (BILL) CLAY, Missouri
MARIO BIAGGI, New York
IKE ANDREWS, North Carolina
PAUL SIMON, Illinois
GEORGE MILLER, California
AUSTIN J. MURPHY, Pennsylvania
TED WEISS, New York
BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan
PETER A. PEYSER, New York
PAT WILLIAMS, Montana
WILLIAM R. RATCHFORD, Connecticut
RAY KOGOVSEK, Colorado
HAROLD WASHINGTON, Illinois
DENNIS E. ECKART, Ohio

JOHN M. ASHBROOK, Ohio
JOHN N. ERLENBORN, Illinois
JAMES M. JEFFORDS, Vermont
WILLIAM F. GOODLING, Pennsylvania
E. THOMAS COLEMAN, Missouri
KEN KRAMER, Colorado
ARLEN ERDAHL, Minnesota
THOMAS E. PETRI, Wisconsin
MILLICENT FENWICK, New Jersey
MARGE ROUKEMA, New Jersey
EUGENE JOHNSTON, North Carolina
LAWRENCE J. DeNARDIS, Connecticut
LARRY E. CRAIG, Idaho
WENDELL BAILEY, Missouri

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

CARL D. PERKINS, Kentucky, *Chairman*

WILLIAM D. FORD, Michigan
IKE ANDREWS, North Carolina
GEORGE MILLER, California
BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan
PAT WILLIAMS, Montana
AUGUSTUS F. HAWKINS, California
MARIO BIAGGI, New York
WILLIAM R. RATCHFORD, Connecticut
HAROLD WASHINGTON, Illinois
(Vacancy)

WILLIAM F. GOODLING, Pennsylvania
JAMES M. JEFFORDS, Vermont
E. THOMAS COLEMAN, Missouri
ARLEN ERDAHL, Minnesota
THOMAS E. PETRI, Wisconsin
(Ex Officio)
MARGE ROUKEMA, New Jersey
LAWRENCE J. DeNARDIS, Connecticut
LARRY E. CRAIG, Idaho

CONTENTS

	Page
Hearings held in Washington, D.C. on:	
March 4, 1981	1
March 5, 1981	83
Statement of—	
Burdette, Clarence E., assistant State superintendent of schools, Bureau of Vocational, Technical, and Adult Education, West Virginia Department of Education, Charleston, W. Va	17
Cooper, Warren L., vice president of public affairs, midwest region, Kaiser Aluminum, Charleston, W. Va	16
Cronin, David, associate commissioner for occupational education, Massachusetts Department of Education, Boston, Mass	33
Gumbel, Richard, training officer, Caterpillar Tractor Co., Peoria, Ill	106
Howell, James M., senior vice president, The First National Bank of Boston	51
Langston, Aaron, director of Golden Triangle Vocational-Technical Education District	56
Multanen, Monty E., director, vocational education, Department of Education, Salem, Oreg	2
Prioleau, Oscar E., training manager, Daniel International Corp	66
Sampson, Wayne, director of public affairs, Illinois Central Community College, Peoria, Ill., accompanied by Richard Gumbel, training officer, Caterpillar Tractor, Peoria, Ill	101
Smith, H. David, comptroller, Northside Lumber Co., Philomath, Oreg	13
Sorensen, Robert, State director of vocational education, Madison, Wis	84
Wheat, Allen, State director of vocational education, Mississippi	68
Prepared statements, letters, supplemental materials, et cetera—	
Burdette, Clarence E., assistant State superintendent of schools, Bureau of Vocational, Technical, and Adult Education, West Virginia Department of Education, Charleston, W. Va., prepared statement of	19
Cronin, David F., associate commissioner for occupational education, Massachusetts Department of Education, Boston, Mass.:	
Exhibits to accompany oral testimony	46
Prepared statement of	35
Howell, Dr. James M., senior vice president, The First National Bank of Boston, prepared statement of	53
Langston, Aaron, director, Golden Triangle Vocational-Technical Education District:	
Columbus Pulp and Paper Complex at-a-glance	62
Letter to Elwyn G. Wheat, director of vocational-technical education, State Department of Education, Jackson, Miss., dated February 27, 1981, from C. M. Davenport, manager, hourly employment and training, Ingalls Shipbuilding	65
Letter to Elwyn G. Wheat, director of vocational-technical education, State Department of Education, Jackson, Miss., dated February 27, 1981, from Larry E. Crane, associate director, Campus Evening College	64
Prepared statement of	58
Prepared statement of Oscar E. Prioleau, training manager, Daniel International Corp	60
Ludwig, Wilma, State director, vocational education, New Mexico, prepared statement by	80
Multanen, Monty E., director, vocational education, Department of Education, Salem, Oreg., prepared statement of	4
Sampson, Wayne L., director of public affairs, Illinois Central College, East Peoria, Ill., prepared statement of	103
Sorensen, Dr. Robert P., State director, Wisconsin Board of Vocational, Technical and Adult Education, Madison, Wis., prepared testimony by	90

OVERSIGHT HEARINGS ON PROPOSED BUDGET CUTS FOR VOCATIONAL EDUCATION

WEDNESDAY, MARCH 4, 1981

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Hawkins, Williams, Kildee, Goodling, Roukema, and Craig.

Staff present: John F. Jennings, counsel; Nancy Kober, staff assistant; and Richard DiEugenio, minority legislative associate.

Chairman PERKINS. The Subcommittee on Elementary, Secondary, and Vocational Education is conducting oversight hearings today on the impact of the administration's budget proposals for vocational education.

President Reagan has already proposed a 20-percent reduction in Federal funding for vocational education, or a cutback of $156 million. In addition, the administration is seeking to find another 10 to 14 billion dollars worth of budget savings, some of which are likely to come in the form of still more education cuts.

The President says his program for economic recovery, which includes a $41.4 billion reduction in Federal spending, will reduce inflation and revitalize our economy. The President is urging Congress and the American people to accept this program in its totality, on the grounds that these cuts are being equitably distributed across the Federal budget, and we all must tighten our belts.

I know we all want our Nation's economy to be strong. We all want to curb inflation and reduce Federal spending. However, I think we in Congress and you in local government, private enterprise, and elsewhere, would be derelict in our duties if we did not carefully examine all these cuts and all their implications. I just don't think we were elected to accept an administration's proposal lock, stock, and barrel without careful reflection.

With regard to vocational education, I am just wondering how in fact we are going to revitalize our economy without skilled manpower. I would like to know where the new administration proposes to get the trained workers for this rebuilding effort if we slash vocational education by 20 percent.

I would like to hear the thoughts of the panel on all those issues.

All of you who are on the panel—we have people from Salem, Oreg., Charleston, W. Va., and other places—come around and let

me hear from you. How many do we have here this morning? Six people. Come around, all of you.

We will hear from Mr. Multanen first. Pick up the microphone there and go ahead.

STATEMENTS OF MONTY MULTANEN, DIRECTOR, VOCATIONAL EDUCATION, STATE DEPARTMENT OF EDUCATION, SALEM, OREG.; H. DAVID SMITH, COMPTROLLER, NORTHSIDE LUMBER CO., PHILOMATH, OREG.; CLARENCE E. BURDETTE, ASSISTANT STATE SUPERINTENDENT, BUREAU OF VOCATIONAL, TECHNICAL, AND ADULT EDUCATION, STATE DEPARTMENT OF EDUCATION, CHARLESTON, W. VA.; WARREN COOPER, VICE PRESIDENT OF PUBLIC AFFAIRS, MIDWEST REGION, KAISER ALUMINUM, CHARLESTON, W. VA.; DAVID CRONIN, ASSOCIATE COMMISSIONER, STATE DEPARTMENT OF EDUCATION, BOSTON, MASS.; JAMES M. HOWELL, CHAIRMAN, COUNCIL FOR NORTHEAST ECONOMIC ACTION, BOSTON, MASS.; AARON LANGSTON, DIRECTOR, GOLDEN TRIANGLE VOCATIONAL-TECHNICAL CENTER, COLUMBUS, MISS.; OSCAR E. PRIOLEAU, MANAGER, FIELD TRAINING, DANIEL CONSTRUCTION CO., GREENVILLE, S.C.; ELWIN WHEAT, STATE DIRECTOR OF VOCATIONAL EDUCATION, STATE OF MISSISSIPPI

STATEMENT OF MONTY E. MULTANEN, DIRECTOR, VOCATIONAL EDUCATION, DEPARTMENT OF EDUCATION, SALEM, OREG.

Mr. MULTANEN. Mr. Chairman and members of the committee, my name is Monty E. Multanen, director, vocational education, with the State Board of Education in the State of Oregon.

I have with me Dave Smith, from Northside Lumber Co., from Philomath, Oreg.

I would like to make a few brief comments.

Chairman PERKINS. Go ahead.

Mr. MULTANEN. First, Oregon's economic picture is not good. In fact, we have one of the highest unemployment rates in the Nation. As we look at our individual productivity, we need that, but we also need an expanded employment opportunity. Both of those are essential for our economic recovery in this State. High unemployment exists and yet we have a great demand for skilled workers. And we believe that the continuation and improvement of our vocational education program can help put people back on the job in our State.

I would like to make one key point about our vocational programs in the State of Oregon. We provide them through the comprehensive high school and community college system. They are primarily supported by the local tax base and general revenue from State funds.

Federal funds in the vocational area are doubly important for our State because we do not have at the State level categorical or earmarked funds for vocational education. The Federal dollars in the past have served as a magnet for causing our local districts to spend moneys for vocational education. In fact, page 2 of my testimony illustrates the enrollment pattern in our State. In the early part of 1970 up to 1975, the Federal funds to our State in vocational education doubled. During that period of time, our enrollments

in programs increased significantly in the State. Since 1975, when inflation has caught up with the buying power of the dollars and we have had tight revenue resources within the State, our enrollment patterns and programs have leveled off within our State, both at the high school level and postsecondary level, to the extent that this year we will be underrealized 30 percent at the high school level for programs and at least 10 percent at the postsecondary level.

I would like to make one other quick point. The evidence, I believe, is coming in that our vocational students can find jobs. The first year after school, many of our students, the unemployment rate as compared to that age group for the State, runs 4 to 5 percent, as compared to 16 and 18 percent for that general age population. And, more significantly, we have begun to do followup studies of our vocational graduates 3 years after they have left the program, and were encouraged by the fact that the unemployment rate for those completers is in the 1- and 2-percent category.

In this last year we did a survey of 604 vocational graduates, and only 13, even in this high area of unemployment, only 13 of them did not have work.

And so the point I would like to make with you is that in a State like ours, the Federal dollars are the magnet that are the key that causes local dollars to be spent to improve our vocational programs, and they are more critical today than they have ever been in the past if we are going to get our State work force back on the job.

[The prepared statement of Monty E. Multanen follows:]

Prepared Statement of Monty E. Multanen, Director, Vocational Education, Department of Education, Salem, Oreg.

THE ROLE OF VOCATIONAL EDUCATION IN OREGON'S ECONOMIC RENEWAL

Oregon's economic picture is not good. High rates of unemployment, double digit inflation and a record high level of business failure are all symptoms of an economy that has stagnated and started to decline. Individual productivity and expanded employment, priorities expressed by President Reagan in his State of the Economy address, must be attained. Oregon, even more so than many other parts of this nation, has reached a point where economic revitalization is absolutely essential.

It is paradoxical that both our unemployment rate and our demand for skilled workers is rising. Therein may lie both the problem and solution. If the hard-to-place unemployed can become productive workers in our new and developing high technology industries, Oregon may start back up the road to economic recovery. Vocational Education, provided through Oregon's high schools and community colleges, can and must play a vital role in this effort.

VOCATIONAL EDUCATION IN OREGON

The responsibility to prepare the workforce needed is shared between education, apprenticeship, private schools, business, industry, labor, and other governmental agencies. However, Oregon's secondary schools and community colleges have the primary responsibility for the occupational preparation of the skilled workforce which is needed by modern business and industry with high technological needs.

Vocational education provides training for skilled, technical and paraprofessional work. In Oregon's secondary schools and community colleges individuals are prepared for immediate employment, further education, and occupational renewal.

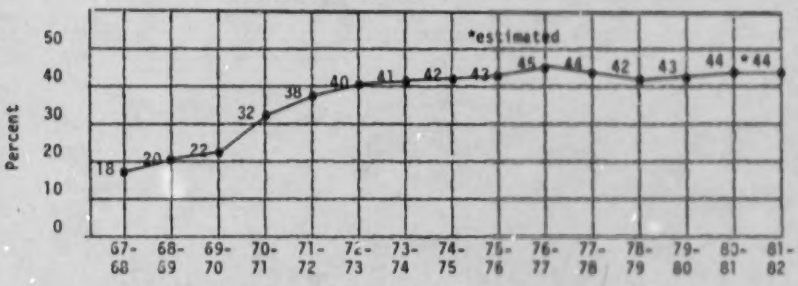
221 secondary schools, 13 community colleges, one area education district, and four area vocational centers provide public vocational programs to Oregon citizens. The following chart shows the status of secondary and community college vocational programs in relation to identified statewide needs and projected goals.

VOCATIONAL EDUCATION STATUS COMPARED TO PROJECTED GOALS

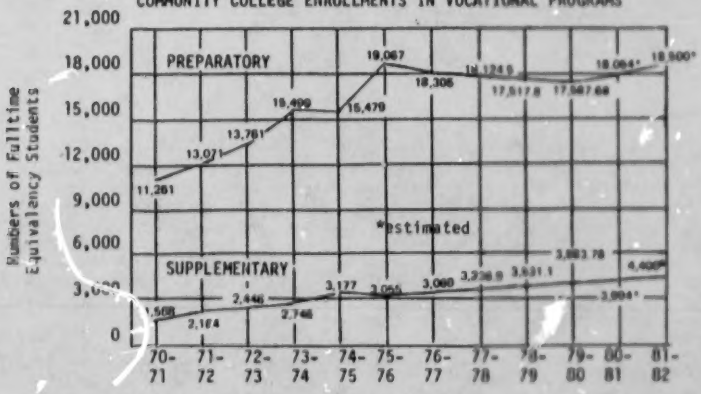
Item	Status 1969-70	Status 1979-80	Projected Goals
Secondary School Program and Enrollments			
Number of Approved Secondary Vocational Programs	380	1,193	1,600
Schools with Five or More Vocational Programs	52	123	160
Secondary School Vocational Enrollment in Grades 11 and 12	18,463	32,477	42,500
Number of Students Enrolled in Cooperative Work Experience	N/A	8,248	12,500
Community College Programs and Enrollments			
Vocational Preparatory Programs	314	605	675
Vocational Preparatory Enrollment	N/A	47,364	58,000
Vocational Occupational Supplementary Enrollment	N/A	30,295	--
Apprenticeship Related Training Enrollment	4,439	4,712	5,700

Federal support influenced significant program growth during the early seventies; a time when Federal funds were increasing and the impact of inflation had not taken effect. The following charts show the relative high rate of enrollment growth in the early seventies and the leveling off from the mid-point of the decade on. At the beginning of this period the annual Federal investment in Oregon's vocational programs was about three and one-half million dollars. Federal support nearly doubled by 1975 and corresponding rises in both secondary and community college enrollments occurred.

11th and 12th GRADE STUDENTS ENROLLED IN VOCATIONAL PROGRAMS



COMMUNITY COLLEGE ENROLLMENTS IN VOCATIONAL PROGRAMS



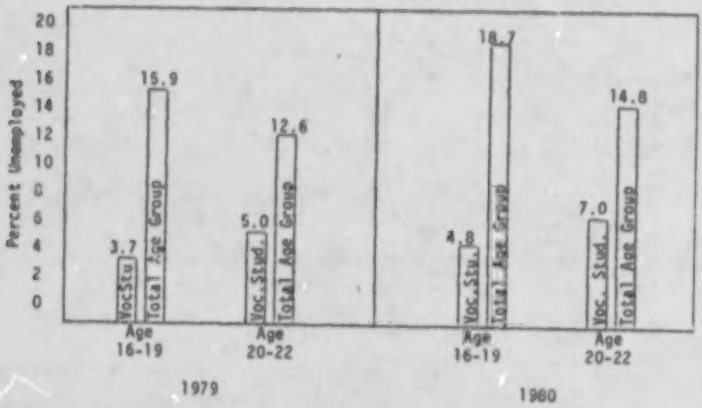
By 1977 inflation and increasing costs began to take effect. The modest increases in Federal monies was not enough to continue growth needed to meet identified state training goals. Needed occupational training of a qualified workforce for Oregon will be underealized by about 30 percent at the secondary and ten percent at the community college levels in 1982.

BENEFITS OF VOCATIONAL EDUCATION

Vocational education programs have positive effects on the employment rate of former students, the school holding power of students and the continuation of vocational students preparation beyond the initial training programs.

The employment success of former vocational students approximately one year after graduation compared to others in their age group is shown in the graph below.

UNEMPLOYMENT RATE OF FORMER VOCATIONAL STUDENTS
COMPARED TO THEIR AGE GROUP FOR 1979-1980



A similar study has been done of former secondary vocational student employment success approximately three years after completing or leaving the training program. Seven Oregon school districts encompassing nine high schools participated in the study. In three of the seven districts non-vocational students were followed up for comparative purposes.

The total number of vocational students surveyed was 1,018. 613 students responded for a response rate of 60.2 percent. 669 non-vocational students were surveyed with 579 responding for a response rate of 86.5 percent.

The unemployment rate for the former vocational education students was 2.1 percent. 3.8 percent of the non-vocational students were unemployed. 55.5 percent of the vocational students who were working or continuing their education were doing so in fields directly related to their vocational programs. Salaries of former vocational students ranged from $16.00 to $104.00 per month higher than for non-vocational students.

Individual district unemployment data is as follows:

School District	No. of Vocational Students Unemployed	Percent of Vocational Students Unemployed	Percent of Non-Vocational Students Unemployed
McMinnville	1 of 54	1.9	NA
Medford	2 of 131	1.5	3.8
Nyssa	2 of 60	3.3	NA
Pleasant Hill	2 of 33	6.1	NA
Portland	3 of 219	1.4	NA
Sandy	3 of 52	5.8	4.0
Scappoose	0 of 53	0.0	2.9

The three year follow-up just completed tends to coroborate earlier findings by two districts (North Bend and Coos Bay) in the fall of 1978 of their 1975 graduating class. Results were:

	Non-Vocational Students Unemployed	Vocational Students Unemployed
North Bend	7.5%	1.5%
Coos Bay	6.5%	2.2%

Employer ratings of vocational program graduates indicate their very high opinion of the training provided. 113 employers of 1978-79 secondary vocational program graduates were surveyed in a statewide study during the winter of 1980. They rated their employees on a five point scale (5=very good, 1=very poor) as:

Rating Category	Rating
Technical Knowledge	4.1
Work Attitude	4.6
Work Quality	4.5

Results of an employer follow-up conducted by Clatsop Community College in 1980 of their 1978-79 vocational students showed that 91.6 percent of the employers reported that the graduates of vocational programs were better prepared than employees without vocational training.

Preparation of disadvantaged and handicapped individuals continues to be one of our most pressing needs. In 1979-80 there was a total of 13,281 disadvantaged and handicapped secondary and postsecondary students who were provided vocational training in Oregon. In 1980-81 there is a total of 17,082 such students. Secondary schools and community colleges have made particular effort to meet the special training needs of these hard-to-train and place individuals. Federal vocational funding has in a very positive way assisted the local agencies to provide these needed and costly programs.

Following are three examples of programs serving the special needs of the disadvantaged and handicapped which are currently operating in Oregon. Without Federal funding to help initiate these efforts, it is doubtful if they could as adequately serve these needs. Continued Federal funding helps to assure high quality programs targeted to both state and national priorities.

Vocational Village is an alternative high school in Portland. It provides opportunities for job skill development and high school graduation to disenchanted - dropped out youth. Vocational instruction is offered in marketing, health occupations, food service, office occupations, industrial mechanics, electricity/electronics, metals, graphic communications and child care. Basic skill instruction, career and personal counseling are provided for students along with the vocational training. During the current school year, 188 disadvantaged and 173 handicapped students are enrolled.

Vocational Village was started with a grant of about $100,000 of federal vocational funds. For the 1980-81 school year the federal support has been reduced to less than $70,000 and the local support grown to $475,000. During the more than ten years this program has served the Portland community, more than 3,000 high school drop-outs and potential drop-outs have been prepared for productive employment. The federal funds were critical to the initiation of this effort. It is difficult to predict if non-categorical funds would have been designated to support such an effort.

CE^2 Program is a career education and employment alternative high school in Jackson County which provides basic education and vocational skill training in addition to experience based career exploration. The alternative school is designed for disadvantaged and handicapped youth who are disenfranchised from the regular school systems in Jackson County. Learning managers are responsible for instruction in addition to counseling, job placement and job supervision. In 1980-81, 95 disadvantaged students and 18 severely handicapped students were enrolled. A total of $75,081 federal funds and $75,081 local funds are being used to support the project in 1980-81. This project has been highly successful both in moving students into productive jobs as well as influencing them to return to their home high schools for completion of graduation requirements.

Linn-Benton Community College offers a comprehensive approach to preparing severely handicapped adults for employment. An individual vocational plan is developed for each student. Some students are enrolled in the regular vocational classes on campus while others are directly trained in a community based program with technical assistance being given to the employer. Supportive services such as tutoring, notetakers and interpreting is provided for students as needed. Cooperative agreements are made for training as appropriate with agencies such as CETA, Vocational Rehabilitation and Mental Health. In 1980-81 the college enrolled 116 handicapped adults in the program. $22,150 in federal funds were matched by $28,166 local funds for support of the program.

TRAINING NEEDED TO MEET OREGON'S ECONOMIC RENEWAL

While Oregon's economic picture is dark, there are some bright spots which offer potential for economic renewal -- but only if the state's employers can take full advantage of the markets open to them. A workforce capable of handling the new technologies is essential.

Forestry and agriculture have been the mainstays of Oregon's economy and will remain so during the decade of the eighties. However, for these industries to maintain their viability, plants and operations must be continually upgraded. The workforce will require a high level of mechanical skills including hydraulic, electronics, lasers, computer control and metallurgy.

The forestry and forest products industry in Oregon employs a workforce of more than 95,000 on an annual payroll of nearly 2 billion dollars. In spite of the current housing slump it remains a growing industry in Oregon as well as in other parts of this country as evidenced by announcements of new sawmill construction, planned installation of automated machinery and equipment and computer controlled manufacturing processes. However, this as well as any other industry expansion, rests solely on the increased utilization of technology to provide efficient and effective plant operation. The unskilled labor force is vanishing to be replaced by highly trained skilled workers and technicians capable of operating complex machinery and carrying out sophisticated processes.

Electrical equipment and supplies will continue to be Oregon's fastest growing industry with employment expected to double from 1978-1986. Growth in instruments and related products has been extraordinary with 95 percent of the growth in electrical measuring and testing instruments. The need for medical workers is expected to increase by 37 percent. Technician needs are expected to increase 27 percent by 1986. Medical technicians, electrical and electronic technicians and drafters are large growth job areas. Of all openings for technicians in 1981, 79 percent will be new jobs in electricity and electronics. Growth in clerical workers is expected to average 27 percent of all occupations within this category; with computers, automatic bookkeeping and billing and the introduction of word processing equipment having a profound effect on the worker skill and knowledge requirements in this large employment areas.

Following are examples of recent or future industry expansion potentials which have or could be greatly assisted by funds to pay training program development and start-up costs. While general school and college operating funds can largely support ongoing instructional costs, monies to do the initial planning and program development are needed.

The Siltec Company of California, a producer of silicon ingots for the electronics industry, recently decided to relocate their operations to Salem, Oregon. A major factor in this decision was the availability of a labor pool and the facilities and expertise through Chemeketa Community College to train the needed labor force.

Siltec estimates a need for 600 employees in 1985, most of whom will receive their training at the community college. The specific equipment necessary to make this training possible at the community college is being provided by Siltec. The training is compatible with that required by other silicon ingot growing companies, so if the economic climate does not allow Siltec to expand in Oregon at the rate that they presently contemplate, the students completing this training will be qualified for employment at various other silicon ingot growing concerns in Oregon and other states. Approximately $40,000 for planning and program development is needed to get this training underway.

The Wacker Siltronics Company is a German firm, whose principal business is the growing of crystalline materials used as substrates for the electronics industry. One of the incentives used to bring this labor intensive industry to Oregon was the ability of Portland Community College to train large numbers of people. Obtaining funds to prepare workers was critical in Wacker's decision to locate in Portland. It took approximately $730,000 to finance instruction, curriculum development and the payment of stipends to the CETA clients who were trained. A combination of Federal vocational education, CETA, City of Portland and private funds were put together to support the development of this program.

Wacker also loaned $2,000,000 worth of equipment to Portland Community College and reimbursed expenses of twelve instructors who were sent to Germany for six weeks of training in the Wacker process. The college used its own funds to remodel a building for training purposes.

The program was started in August 1979 and completed in July 1980. 740 disadvantaged students (CETA eligible clients) entered the program. 470 previously unemployed Portland residents, after completing the vocational program, were hired by Wacker at $6.00 and $6.25 per hour. This training brought a $5,875,000 payroll into Oregon and took 470 people off the unemployment roles. The long-term positive effect is immeasurable and a striking example of what industry and vocational education can do by working together to assist business growth and expansion.

The coal industry has recently been rediscovered in the Powers area of Coos County, Oregon. A low grade, low sulfur coal, in sufficient quantities for about sixty years of mining operations, exists. The coal will be mixed with high grade coal shipped from the Rocky Mountain region and utilized both domestically and shipped from the Port of Coos Bay to other countries.

An estimated 500 miners will be needed. Minimum training requirements include a 40 hour course in such areas as safety, escape, mining orientation, and health. In addition, many of the miners will require basic mechanical and mining skills and will need annual retraining in both these and the health and safety areas. It is also estimated that 100 drivers will be needed to transport the coal to a grading and washing site at the Port of Coos Bay. The grading and washing site will employ 60 people. Large numbers of truck and equipment repair workers will be required. Additionally, the potential for needed dock workers and their training requirements is yet to be established.

Representatives of Canasia Mining Company of Utah are coordinating training plans with Southwestern Oregon Community College officials. The fiscal requirements to provide occupational preparation and upgrading to meet the workforce needs of the new coal industry will be significant. It is estimated that a minimum of $70,000 is needed to pay planning and program development costs. Once instruction is underway the combination of state common school, local and private funds can support much of the instruction costs. Federal help is essential to initiate this effort. Without financial assistance for planning and development, the college will not be able to provide the appropriate training and potentially an area's opportunity for significant economic gain may be impaired.

These are typical examples of occupational areas reflecting rapidly changing training requirements where the local community college does not have the means to institute changes and implement programs needed to prepare the workforce required by the new technology industries.

Upgrading Programs - Oregon's community colleges are particularly hard pressed to upgrade their training capability to match the increasing technology of industry. A typical example is:

Linn-Benton Community College, located in Albany, which must upgrade several programs to meet industry needs and standards. The college has been advised by the manufacturing engineer from Hewlett-Packard, an electronics manufacturing firm, that students in the second year of the electronics program are not receiving adequate training for employment in their industry. The college is short $52,700 to buy function generators, digital counters, a logic analyzer and other equipment needed to upgrade this program.

Their civil engineering program is also short of funds to purchase equipment, especially computer equipment to assist in design of roads, street layouts, forest roads and sewers. Such items as a digitizer, printer, microcomputers and digital plotter, at a cost of $38,600, cannot be purchased. Interest in the civil engineering program and related courses where equipment is needed at Linn-Benton Community College is evidenced by enrollment increase from 167 in 1979 to 300 in 1981. The college is also short $39,158 needed to upgrade equipment in the physics classes which are required of technical students.

IMPACT OF FEDERAL VOCATIONAL FUNDS

Federal vocational education funds have a much greater impact on the occupational training of Oregon citizens than their actual amount would indicate. Oregon received for fiscal year 1981 $7,924,088 of Federal vocational education funds. Secondary schools and community colleges will spend approximately $62 million in addition on vocational instruction derived from local tax bases and the state common school funds. The only designated state funds for vocational education are approximately $600,000 for state administration and $500,000 for teacher training.

Oregon does not designate any state level categorical funds for local vocational education support, hence, the Federal monies are doubly significant. Not only do the monies provide needed program support but act as a magnet to draw local and private funds to the support of vocational education. Additionally, nationally established priorities serve to focus the vocational education effort towards those populations and service areas most critical to the health and welfare of this country.

The proposed 20 percent reduction in Federal funding for vocational education, coupled with the severe restrictions on local funds brougnt about by the state economic downturn, will have a devastating effect upon the ability of Oregon's vocational programs to assist in the states economic recovery. Schools will not have the monies needed to sustain existing programs and to keep them in tune with the needs of the changing technology of business and industry. Further, the ability of the schools to respond to new and emerging needs will be for all practical purposes eliminated. A compounding situation exists. As local schools and community colleges are forced to reduce their efforts in order to meet budget restrictions, there is a tendency to shift support from high-cost enrollment vocational programs to academic and general programs that are not directly related to the productivity of the workforce and economic renewal.

20 percent reduced Federal funding of Oregon vocational programs will:

- Eliminate about 15 percent of the secondary and five percent of the community college programs.
- Decrease the quality of more than 650 secondary and 200 community college programs affecting 40,000 Oregon vocational students.
- Restrict the states ability to develop improved methods, materials, and strategies needed to improve vocational programs.
- Reduce by about 30 percent the states effort to provide occupational upgrading to vocational instructors.
- Curtail the special services needed to enable approximately 2,400 disadvantaged and 300 handicapped students to succeed in vocational training.
- Eliminate the assistance needed by community colleges to develop training programs for four new or expanding businesses and industries in 1982.
- Eliminate about 40 percent of the schools and colleges currently participating in the Federally supported disadvantaged and handicapped program improvement effort.
- Reduce the occupational training choice for more than 8,000 students.

Reduced Federal support coupled with continued state funding restrictions will remove from the state's arsenal one of its most effective weapons in its fight against economic decline - The ability to move its pool of unemployed and hard-to-train people into the productive workforce.

15 percent additional Federal vocational funds would annually:

- Provide for quality improvement of approximately 60 secondary and 50 community college programs.
- Assist community colleges to plan and initiate three additional targeted efforts to develop training programs for business and industry new to their areas.
- Increase by 10 percent or approximately 3,000 students, the upgrading of current workers.
- Provide special services to 995 disadvantaged and 191 handicapped students so that they might better succeed in vocational programs.
- Provide for three special efforts to assure sex fairness in vocational programs.

Mr. MULTANEN. Mr. Chairman, I would like to have Dave Smith, from Northside Lumber, make a few additional comments.

Chairman PERKINS. There is one additional observation I would just like to make. I would like to know whether your equipment is outmoded and outdated, and whether the Federal Government has been reluctant to spend money for that equipment. I would like to know whether you are giving the type of training that prepares the trainees for employment for all industries throughout your area.

Mr. MULTANEN. Mr. Chairman, I would like to make a quick response to that. Our community college system is about 18 years old in our State, and currently at this time—and I have a detailed explanation as an example of one of our community colleges in my written testimony, where they have a difficult time getting their equipment updated and renewed, particularly to the high technologies industries that are moving into our State. And this is becoming one of our major problems in our State, so that they have the resources to keep those programs on the cutting edge of what is happening and ought to happen in the industry in this Nation. So we are having difficulty in our State having the resources to bring the equipment and instruction materials up to the standards they are to be.

STATEMENT OF H. DAVID SMITH, COMPTROLLER, NORTHSIDE LUMBER CO., PHILOMATH, OREG.

Mr. SMITH. Mr. Chairman and members of the committee, before I make my comments, I would like to respond to the chairman's request, too. I think that it is important to note that for many, many years we have relied upon the research facilities of the institutions of higher learning to keep our professions moving ahead, both in the areas of medical, law, my own profession of accounting, and other areas. Most industries and professionals find—and I think this is true, particularly in my own industry—that even we lag, as far as the development of new technology is concerned, compared with what is available through research and through some of the other more basic research institutions.

We have referred to the negative impact of inflation on the vocational programs in Oregon, and we support the administration and the Congress in its efforts to reduce Government spending. We believe that the vocational education dollars are and will continue to be, however, an anti-inflationary investment in our economic recovery. Our written testimony, which you have received, and our comments here today should support this statement.

Oregon, as well as the Nation, has a vast pool of untrained hard-to-employ people. They can either be a powerful force to rebuild our economy or a costly drain on the resources of our States and the Nation. They can pay their way or we will pay it for them through unemployment, welfare, food stamps, rent subsidies, et cetera.

We must rebuild our productivity. We have high unemployment, yet every newspaper carries pages of ads seeking skilled workers. Recent testimony of the Defense Department before Congress states that the lack of skilled personnel may in fact have a major impact on our ability to even defend ourselves. They testified, as we do now, that this is where vocational education comes in. This is not an educational frill. I think it is a necessity.

Our society and our industries have undergone a great change. Work attitudes are no longer learned on the farm or in the home. Our schools must pick up the challenge to teach good work attitudes in the elementary and junior high school level, to teach good habits and disciplines in basic occupational skills through the high schools and secondary schools, and to provide specialized technical training in the community colleges, trade schools, apprentice programs, and through coordinated work experience programs, with employers.

I think the latter program of coordinated work experience is something that is a relatively new item and is going to be more and more important to all of us as we move ahead into the higher technological areas.

We are losing the unskilled job opportunities due to better technology, demands for safer work places, demands for more efficient use of our natural resources and the desire of our society to relieve people from mundane physical labor.

Even in my industry, the forest products industry, which for years has relied upon a strong back as the basic tool for production, has now entered the electronic age. We now need computer operators, repair persons, programers, electronics technicians, welders, who can work with space-age type metals, trained supervisors, emergency medical personnel, hydraulics experts, and a whole range of new occupations that 10 years ago, even, we did not even know existed.

Oregon employers have found that vocational education trained workers are better prepared. We have performed some surveys of employers in Oregon, and I think the most important thing, at least, to me, is that those people coming from vocational education backgrounds, their work attitudes, on a scale of 1 to 5, ranged a 4.6 on the survey of employers. These are consumers of the students. Technical knowledge was high, and the work quality was high. These are important things, to me, as an employer. The specific job requirements I can help with; but I cannot work with someone who

won't work with me and does not understand the importance of turning out a quality product.

In addition, the community colleges surveyed and found that 91.6 of the employers hiring vocational graduates out of this particular community college rated them better prepared than those who had not received a similar type training.

I think those are extremely important statistics and, overall, points up the importance of the program.

In Oregon, Federal vocational dollars have led the way to develop these programs and continue to be the stimulus needed by the local education districts—and I served 5 years on a local school board and I can speak from experience—that these become the dollars that prod the people at the local level to get the job done. When they drop, so do the new programs, as Monty has pointed out in his testimony.

I believe that these dollars and these programs are the key to reducing Government spending by making the hard-to-employ aid recipients part of the pay-as-you-go work force.

As an example, in Portland, Oreg., a new company, Walker Siltronics, a maker of silicone chips for computers, has joined with the city of Portland, the CETA program and, particularly, the vocational training section at Portland Community College, to develop a program to put the hard-to-employ back to work. In the first phase of this program, which involved some 740 participants, so far 470 have completed and have been employed at rates ranging above $6 an hour, with a total payroll, taxable payroll, developed at this point of $5.8 million, nearly $5 9 million.

Our company, Northside Lumber Co., together with Georgia Pacific, Willamette Industries, Southwestern Forest Products, and some of the others in our local area, are currently involved in a cooperative program with the CETA people and the Linn Benton Community College, to develop training programs for women entering the nontraditional roles in our industry. These are aimed at the displaced homemakers and the people who are now on some sort of aid program.

Cuts must be made. But I pray that the cuts will not be made in double payback areas such as vocational education. Here we have the opportunity to reduce the demands for government-aid spending, plus providing income-tax revenues through payrolls. Vocational education dollars can be a short-term investment with a quick payback. To continue America's quality of life, each citizen must be able to contribute to our Nation's productivity, and I believe that vocational education should be the spearhead of that effort. It is good for all of us.

I would be very pleased to answer any questions you may have, and I thank you very much for this opportunity to be heard.

Mr. HAWKINS [presiding]. Thank you, Mr. Smith. The next witness is Mr. Clarence E. Burdette.

Mr. BURDETTE. Mr. Chairman and members of the committee, I am the Assistant State Superintendent of Schools for Vocational, Technical, and Adult Education in West Virginia.

I am very pleased to have this opportunity and would like to express to Mr. Perkins and members of the committee our appreciation of your support for vocational education.

With me today is Mr. Warren Cooper, vice president of Kaiser Aluminum Corp., a major industry in West Virginia. I would like to first ask Mr. Cooper to make some comments, and then I would like to follow those with some additional ones of my own.

STATEMENT OF WARREN L. COOPER, VICE PRESIDENT OF PUBLIC AFFAIRS, MIDWEST REGION, KAISER ALUMINUM, CHARLESTON, W. VA.

Mr. COOPER. I appreciate the opportunity to appear before you and your committee today to give you some perspective on vocational education from the point of view of a major corporation.

I could easily duplicate facts and figures presented to you by vocational educators, but they would have had to prepare that material for me. I am not that knowledgeable about the Vocational Education Act, but I do know how vital vocational education graduates are to American business and industry.

Our corporation hires some vocational graduates, primarily from a vocational center near our largest domestic plant in Ravenswood, W. Va. We are pleased with the quality of the vocational education graduates, even though our new hires move into a labor pool and bid for jobs through a seniority procedure. We find that vocational education graduates, when they can bid on jobs that parallel their vocational training, make more efficient employees at a reduced training cost to our corporation. A more efficient and productive employee translates into the kind of enhanced dependability and reduced cost that we must have if we are to become more competitive.

The biggest beneficiary of vocational education in this country is small business and industry. It is the small businessman who does not have the resources to develop sophisticated training opportunities for new hires or employees who need to upgrade their skills.

As you know, most of the people employed in this country are employed not by major corporations with inhouse training capabilities, but by those smaller companies who can't afford to establish their own training capabilities.

American business and industry will continue to become more sophisticated, needing a labor force that has had increasing exposure to vocational facilities during the evenings, when more and more people are enrolling in adult programs to prepare themselves for more complex career options.

Taxpayers in this country have a right to expect vocational training for displaced workers, for employees seeking advancement, and for the handicapped. I know firsthand that a majority of our vocational facilities to West Virginia and across this country are open up to 16 hours a day to handle our increasing adult level population.

Vocational education is working with a growing segment of the student population which, for one reason or another, has difficulties with reading and mathematics—two basic skill areas necessary to secure and retain employment. I am concerned about these deficiencies, but am not willing to blame vocational education for them. Neither am I willing to support budget reductions to a vocational education system that, for the first time, is demonstrat-

ing, for many students, the relevance of academic subjects to the reality of the workplace.

In West Virginia, our vocational educators are continuing to develop academic remedies to help students with their math and reading deficiencies. In spite of the many problems which vocational educators are successfully addressing, the placement rate for vocational graduates in West Virginia last year exceeded 90 percent. Over 95 percent of the adult preparatory graduates were placed in the work force.

If this country really wants to train, revitalize, and enable its work force to meet individual societal goals—to become more productive—then it had better realize that one key to that effort is a strengthened vocational system, professionally committed to strengthening our country through enhanced employment opportunities for all of our citizens.

Mr. HAWKINS. Mr. Cooper, what is the company with which you are identified?

Mr. COOPER. Kaiser Aluminum and Chemical Corp.

Mr. HAWKINS. Thank you.

Mr. Burdette, do you want to continue?

STATEMENT OF CLARENCE E. BURDETTE, ASSISTANT STATE SUPERINTENDENT OF SCHOOLS, BUREAU OF VOCATIONAL, TECHNICAL, AND ADULT EDUCATION, WEST VIRGINIA DEPARTMENT OF EDUCATION, CHARLESTON, W. VA.

Mr. BURDETTE. Yes, I have prepared a written statement, and I will not try to cover all of the points in that statement, but I would like to emphasize just a few.

We recognize the problems, we know the problems of inflation, and we are very familiar with the havoc it has wreaked upon us in the field, as well as on the general population. We think we recognize the solution that the President has proposed of cutting Government spending and increasing productivity as being a real important way to accomplish the control of inflation.

We think, however, that vocational education is a part of the solution to the problem rather than a part of the problem. In my written testimony, I would like to call to your attention the three pages following page 3 in that written testimony. I have a list of projects which we are conducting and have been conducting within the past 12 months in West Virginia, very directly related to improving productivity in the companies in the State. Many of these are new industries, expanding industries, homegrown industries. We are providing direct training, directly related to the production in those companies, and without the assistance that we received through the Federal funding we simply cannot continue to do those kinds of things.

I would like to call your attention to another list that follows one page later, a list of a large number of industries in West Virginia that, within the last 2 months, have either closed their doors or have initiated large or significant layoffs of employees. Eight hundred people from Avtex Fibers in Kanawha County, in Charleston, 650 from Houdaille Industries, Cabell County, in Huntington. There are very significant problems for the people, very significant

problems for the economy of our State. Almost all are related directly to the technology situation.

So far as the people are concerned, we are doing everything we can through vocational education to provide those people with retraining, new technologies that will allow them to again become employed either with the same company or another company in their area. A very large number of these people are involved actively at this time in retraining programs provided through vocational education in West Virginia.

We have, I think, an important point. That is that we have a base in West Virginia from which to operate. That base has been built, using the Appalachian Regional Commission funding, local funding, State funding, to build facilities and to equip them. We have used Federal vocational dollars, State dollars, and local dollars to improve and establish programs in these facilities. But, again, we have a base, a base from which to operate and to provide this kind of training program. Without this base we cannot continue to provide the needed training for the people of the State. We need to constantly be updating the equipment, the programs that we find in our base facilities. Without the Federal dollar, that is very difficult.

We recognize the problem. We hope that you will look at vocational education as part of the solution rather than part of the problem.

Thank you.

[The prepared statement of Clarence E. Burdette follows:]

PREPARED STATEMENT OF CLARENCE E. BURDETTE, ASSISTANT STATE SUPERINTENDENT OF SCHOOLS, BUREAU OF VOCATIONAL, TECHNICAL, AND ADULT EDUCATION, WEST VIRGINIA DEPARTMENT OF EDUCATION, CHARLESTON, W. VA.

Thank you Congressman Perkins.

Before I begin my testimony this afternoon, I would like to express to you and to the other members of your committee my appreciation for the opportunity to come before you and to talk with you about Vocational Education in West Virginia and about federal vocational education legislation. I have with me Mr. Warren Cooper, Vice President of Public Affairs, Midwest Region, Kaiser Aluminum, who will give you the point of view of industry in West Virginia.

We particularly would like to address the proposed reductions in vocational education funding. In addition, I will indicate why we need more flexibility for vocational education.

I want to again express my appreciation to you and to the other members of your committee who have shown such a tremendous interest in vocational education and have supported a federal role and financial support. Federal vocational education legislation and funding have provided the impetus for growth in West Virginia and throughout the Nation.

For evidence of this statement, one need only look at the vocational education program in West Virginia and at the tremendous forward strides which it has taken using the federal vocational education legislation as its guide.

Using 1970 as a base date, let me tell you what has happened in our State in the seventies. Enrollments in West Virginia have risen 238%--from 54,537 in 1970 to 129,909 in 1979. In 1979, 91.57% of completers from secondary programs obtained employment, and 96.62% of

adult preparatory completers found jobs. Let me point out to you that while this increase in vocational education enrollments was taking place, school enrollments were dropping significantly.

In 1970 facilities for providing vocational education in West Virginia were woefully inadequate. We had at that time only 38 facilities in operation which could qualify as area vocational-technical centers, and if we go back to 1963, we had only nine. At the present time, we have a total of 94 such facilities.

I have no doubt that the federal vocational education acts have provided the impetus for the growth which vocational education has enjoyed in our State. By using Appalachian Regional Commission funding in addition to state and local monies, we have constructed the facilities for vocational education in West Virginia. Using federal vocational funds, along with State and local funds, we have expanded and improved the programs in those facilities.

Thus, vocational education in West Virginia has made great strides since 1963, but much remains to be done. There continues to be a large population that needs vocational training; in addition it is necessary to modernize and expand our equipment and facilities.

While our Legislature in West Virginia has provided funds for the basic operation of vocational programs--finding the funds to keep pace with modernization of equipment and facilities, specialized training programs to meet the needs of expanding technology in industry, and retraining of people who have been laid off because of technological advances in industry or other reasons--has been difficult to accomplish. I believe the Federal Government has the responsibility for helping the states to meet vocational education needs in these areas. I would

like to point out that federal funding has not even kept pace with inflation over the past several years and certainly has not provided for these needs.

A most significant development has been the great demands placed on our base of operation (buildings and equipment), which are now extended to the limit.

Currently we are unable to provide vocational education to everyone desiring it. As a result, many high school students must enter a general education curriculum that does not provide specific vocational skills. Additionally, many adults are turned away from our training programs. We anticipate an even greater demand for vocational education, because it has been our experience that when unemployment is high, the demand for vocational education increases considerably.

Not only are we unable to serve everyone desiring vocational training, but also we are unable to provide sufficient programs in some occupations with high demand such as maintenance mechanic, diesel mechanics, heavy equipment operators, truck drivers, tool and die makers, computerized electronic technicians and chemical operators. Training in these high demand occupational areas requires expensive equipment and machinery that we cannot afford.

Vocational Education is essential to improving the economy in West Virginia. In the last twelve months these specific services have been provided to business and industry in West Virginia. They have been specifically designed to prepare the work force in the skills needed for immediate employment skills. Many of these services allowed industries in the State to expand or new industries to start up with pre-trained personnel.

SERVICES TO BUSINESS AND INDUSTRY

Company	Type	Status	Locale	Service
Union Carbide	Chemical Production	Expanding	Kanawha County	Provided apprentice curriculum development
Amerdyne East, Inc.	Telephone Refurbish	New	Harrison County	Provided supervisory training program
West Virginia Flat Glass	Glass Production	New	Harrison County	Provided in-plant total training program and supervisory training
Globe Refractories	Brick Production	Expanding	Harrison County	Provided basic electricity to local school
Wirt Inflatables	Rubber Mattress Production	New and Expanding	Wirt County	Provided total in-plant training program
Power Distribution, Inc.	Electric Coal Car Production	New	Mason County	Provided basic electricity in vocational center
Volkswagen of America	Auto Body Production	New and Expanding	Kanawha County	Provided related apprentice classes in the plant and vocational center
Kaiser Aluminum	Aluminum Production	Expanding	Jackson County	Provided training program in local educational facility for computer technicians
Riverton/FacetGlas Corp.	Production	New	Berkeley County	Provided supervisory training program
B.F. Goodrich/Bright of America	Production	Existing	Nicholas County	Provided supervisory training program
Corning Glass	Glassware Production	Expanding	Wetzel County	Provided welding and industrial electricity training program
Pipestem Resort	Resort	Expanding	Summers County	Provided training program for new personnel with vocational personnel
Union Carbide	Chemical Production	Expanding	Pleasants County	Provided training program in the vocational center for chemical operators
Sears/Montgomery Ward	Retailing	Existing	Nicholas County	Provided supervisory training program
Weirton Steel	Steel Production	Expanding	Hancock County	Provided curriculum development of training program for the computerized roller mill
Stone Concrete, Inc.	Prestressed Concrete Products	New	Fayette County	Provided total in-plant training program
Standard Building, Inc.	Prestressed Metal Rafters	New	Grant County	Provided total in-plant training program
Emmett Coal	Coal Production	Existing	Nicholas County	Provided welding class to upgrade maintenance personnel at Webster County High School
Anchor Hocking Glass	Glassware Production	New and Expanding	Harrison County	Provided related apprentice classes in-plant and in the vocational center
Penn Wire Rope	Cable Production	Expanding	Berkeley County	Provided in-plant training program
Sterling Faucet	Production	New	Monongalia County	Provided supervisory training program
Richwood Nursing	Nursing Home	New	Nicholas County	Provided nursing assistant program at the vocational center

Company	Type	Status	Locale	Service
Williamson Electric	Electrical Service	Existing	Monongalia County	Provided industrial electricity training program in the vocational center
Mylan Pharmaceutical	Pharmaceutical Production	Expanding	Monongalia County	Provided industrial machine trades and electricity training program in vocational center
General Motors	Parts Warehousing	Existing	Berkeley County	Provided industrial in-plant fire fighting film
JV/Peoples Bank/ B.F. Goodrich	Production and Services	Existing	Nicholas County	Provided data processing training program in the vocational center
Eagle Convex Glass	Glass Production	Existing	Harrison County	Provided supervisory training program
Weston State Hospital	Mental Institution	Existing	Lewis County	Provided supervisory training program
Control Systems	Electronic Controls Production	New	Marion County	Provided supervisory training program
Huntington Mall	Retailing	New	Cabell County	Provided store managers a workshop on state services available
Pinnacle Rock Supply	Electronic Mining Equipment Repair	New	Mercer County	Providing in-plant electronics training program
Braxton County Memorial Hospital	Hospital	New	Braxton County	Provided training program for all non-professional personnel at the vocational center and in-house
Mobay Chemical Co.	Chemical Production	Expanding	Wetzel County	Providing a welding training program in the vocational center for new maintenance personnel
Liberty Electro	Electronics Assembly	New	Mercer County	Providing in-plant training program
Quoon Systems, Inc.	Bio-Medical Equipment Assembly	New	Wood County	Providing in-plant training program
Columbia Gas Corp.	Gas Production	Existing	Kanawha County	Providing in-plant training program development services
DuPont	Explosive Production	Existing	Berkeley County	Providing in-plant training program development services
Ohio Valley Steel	Steel Fabrication Products	Expanding	Ohio County	Providing in-plant training program for apprentices
International Products, Inc.	Machined Metal Product Production	Expanding	Harrison County	Providing in-plant training program for changing product line
Wellsboro Paper Products	Box Production	Existing	Jefferson County	Provided supervisory training program
Snowshoe Resort	Resort	Existing	Pocahontas County	Provided supervisory training program
Glenwood Park United Methodist Home	Nursing Home	Existing	Mercer County	Providing supervisory training program

Company	Type	Status	Locale	Service
Blue Knot	Metal Product Production	Expanding	Ohio County	Developing a total related apprentice training program to be held at the vocational center
Omni, Inc.	Printing Production	New	Jefferson County	Developing a total in-plant total training program
Fourco Glass	Glass Production	Existing	Taylor County	Developing a electronic instrumentation program to be held at the vocational center
Stauffer Chemical Co.	Chemical Production	Expanding	Mason County	Developing an in-plant training program in pneumatic and electronic instrumentation. Also in-plant general maintenance and welding at the vocational center

The demands on our base of operations will increase greatly in the next few years. Not only will our population increase significantly, but the rapid pace of technological change will require vocational education to retrain thousands of workers. This very month, Owens Illinois in Huntington, West Virginia terminated 300 workers in order to install an automated system. Many of these workers are being retrained by the Cabell County Career Center.

Not only are we faced with the challenges of new technologies that are taxing the limits of our economic system's adjustment capacities, but also, we must battle with the threat of obsolescence of entire occupations. In West Virginia this threat is being realized by the laying off of workers in factories that have been mainstays of our economy. The following plants have closed or reduced their work force recently:

Plant	Employees Out of Work
Greenbrier Industries (Greenbrier)	102
Louie Marx, Inc. (Marshall)	839
Avtex Fibers (Kanawha)	800
West Virginia Birmingham (Kanawha)	65
Fairmont Wallplaster Company (Marion)	50
Houdaille Industries (Cabell)	650
Owens Illinois (Marion)	335
Consolidate Packaging Inc. (Ohio)	60
Libbey Owens Ford (Kanawha)	400

Blue Mountain Glass (Monongalia)	37
Mountain State Inflatables (Nicholas)	30
Kellwood Company (Greenbrier)	40
Long Airdox Company (Fayette)	200
Armstrong Products Corporation (Cabell)	61
Minkle Brothers (Harrison)	85
Rubber Crafts of West Virginia (Nicholas)	30

These numbers do not even include permanent layoffs or cutbacks in the mining industry. Because of these closings, we now have another segment of our population needing help and training. The Vocational Education system has responded to this need by providing training to those who are interested.

It is widely thought that huge capital investments will be made to revitalize the American economy. But, I submit to you that revitalization of the economy and the delivery of vocational education must be done together. Without revitalizing vocational education we will not have the trained technicians and craftsmen to operate and maintain highly automated equipment.

Not only has our base of operation been dangerously extended, but also, our cost per student, has increased.

- The mandate to serve special populations, especially the disadvantaged and handicapped, has made serious inroads into our resources. In effect, we are serving hard-to-train persons in addition to training for hard to fill jobs.
- Inflation has increased operational costs such as salaries, utilities, equipment, and supplies, raising the cost per student.

Our State Legislature will not appropriate money to replace federal reductions. All states have in common the basic constitutional responsibility to provide a free and appropriate basic education, but they find it difficult to adequately fund the total cost of vocational education programs.

I would now like to discuss the specific impacts of a 20% cut in federal funding for vocational education. A 20% cut of federal money to West Virginia would represent approximately $1,350,000. It is unlikely that the State Legislature of West Virginia would make up this loss in funding and an inevitable reduction in the scope and quality of vocational education would follow. If we are denied federal appropriations, then we, obviously, can no longer do those things now accomplished with federal money. We now use federal money to:

- Supplement the costs of ongoing programs. Federal dollars are used to purchase equipment for instructional purposes, purchase supplies, and initiate new programs.
- Conduct programs for special populations, i.e., the handicapped, the disadvantaged, displaced homemakers, and adults who need vocational training and retraining. We estimate that a 20% reduction in appropriations would eliminate 46 programs serving 1,380 disadvantaged and handicaped students. There would be a corresponding decrease of programs serving adults.
- Provide financial assistance to 670 needy students through workstudy programs.
- Support cooperative training programs with business and industry.

- Provide vocational guidance services. A 20% reduction in federal funding would force us to terminate 7 vocational guidance counselors and deny vocational guidance to 2,430 students.

The efforts of Vocational Education to promote economic development in the State would also be seriously eroded by the proposed reduction in funding. The table, "Services to Business and Industry," following page three, describes in detail efforts underway to train and retrain persons affected by technological change, layoffs, and imports.

I would now like to move from the discussion of the impact of cuts in vocational education to the effects of increased funding. An increase, not a decrease is what is needed. The specific impact of increased funding would not only benefit vocational education, but would also contribute to our efforts in revitalizing the American economy. Needs which could be fulfilled by an increase in funding in West Virginia are as follows:

- Vocational programs could be modernized. There is a great need to modernize the equipment in many vocational programs. As technology changes in the various occupations and new and more modern equipment is required, it is essential that the equipment in vocational education programs be modernized and updated to be comparable with that which is being used in business and industry.

- Technical skills of vocational teachers could be upgraded. As technology changes in business and industry, and new, more sophisticated equipment and processes are being utilized by business and industry, it is critical that the technical skills of vocational teachers be kept current to the needs of business and industry. In order to do this, it is essential to have an ongoing inservice training program to provide vocational teachers with the training they need to keep their teaching skills up to date.

- Current efforts to retrain displaced workers could be significantly increased. Workers with skills which are no longer needed by business and industry can be re-employed provided programs for retraining the displaced workers are available.

- Training for new and expanding industries could be increased. While many plants have closed in the last several years, some new industry has moved into West Virginia, and some existing plants have expanded. It is essential that industry be offered training programs which will train the work force needed by new and/or expanding industries.

- Advanced training could be provided to currently employed workers. Individuals who have entered the work force often discover that additional training is needed to secure advancement or improve their current job performance. This additional training can be provided through adult and postsecondary programs in vocational education. Such training is often individualized according to the needs of the persons enrolled.

- Energy education could be expanded. While education in general can improve the conservation practices of American consumers, vocational education can best affect the conservation practices of American producers. America needs skilled workers in almost every field who are trained in energy conservation. Vocational education can infuse elements of conservation into all of its courses. Students enrolled in the building trades, for instance, can be taught about insulation. Students trained to work with engines can be taught how to operate them at peak efficiency. Vocational education can be instrumental in providing trained workers to meet the labor needs in emerging energy fields such as solar, synthetic fuels, and the expansion of the coal-producing industry. Coal mining is a major industry in West Virginia that depends heavily upon vocational education to supply a trained workforce.
- The scope of cooperative training programs could be increased and the effectiveness improved. There is a need to have more programs which develop a cooperative working relationship with business and industry. This is accomplished through cooperative vocational education programs which involve both study in school and work on the job.
- Greater efforts could be made to train people to become self-employed entrepreneurs. Many of the vocational education students, go out on their own and become self-employed. These enterpreneurs in turn hire their own employees and contribute in a number of ways to the nation's economy. Therefore, it is

important that vocational programs be offered that not only prepare students to perform a skill, but also provide them with training that they will need in order to operate their own businesses successfully.

- Better systems for career assessment and planning could be offered. It is critical that students enroll in vocational programs in which they can succeed. In order to do that, it is important to provide vocational assessment and career planning programs so that the students' abilities and interests can be assessed. In this way, students can be exposed to career exploration activities allowing them to make realistic choices in terms of vocational program enrollment. This is critical, not only to the so-called regular student, but more so to disadvantaged and handicapped students.

- Job placement services could be increased. Once the students have been trained for employment, it is important that they students have available a job placement coordinator who can assist them in finding employment and also to follow up and assist them in making the adjustment between the training program and the world of work.

The adult preparatory programs in West Virginia need to be increased by 100% over the next five (5) years. These programs afford displaced workers the opportunity to enroll. Currently, there are 1,400 CETA individual referrals in the regular vocational education programs. Most

of these are at the adult preparatory level. A 20% increase would allow West Virginia to build the base for offering 10 new adult preparatory programs in FY 1982.

Thus far my testimony has been directed to the proposed reductions and conversely what would happen if we were to receive an increase in funding. I would now like to discuss the advantages of receiving appropriations with greater flexibility to the states. While funding made available through previous appropriations has been immensely helpful, the reporting requirements have been a nightmare. In addition, the guidelines as to the expenditures of money have been very inflexible. Through those reporting requirements and guidelines, the federal government has, in effect, tried to run local education programs. It should be obvious by now that such a policy cannot work. The reporting requirements represent a severe drain on the energy and resources of State and local vocational personnel. Program guidelines are so inflexible that they prevent us, in some cases, from providing for real needs and have us chasing after objectives that are unrealistic for West Virginia. For example, the limited English speaking provisions in the 1976 Amendments meet a dire need for serving the refugee and migrant populations of Florida and Texas. However, in West Virginia, such a population does not exist. What does exist in West Virginia is a population that has specific needs unique to West Virginia.

Our programs are tailored to meet the needs of the West Virginia economy, in particular, they play a vital role in providing workers for the chemical, metals and mining industries, and we need to concentrate on maintaining and improving these offerings. It is our belief that through a block grant we can obtain the flexibility we need in order to fashion a vocational program that meets the needs of West Virginians.

I would strongly suggest that in future legislation the federal role should be limited to setting priorities, goals and objectives. The states should be required to file a plan which would describe how they will use federal, state, and local resources and to impact on these goals and priorities. Federal funds should be made available to the states only when a reasonable and appropriate plan is filed and approved. The federal role, to really be effective, must be limited to leadership and direction setting. Vocational Education cannot be operated out of or minutely controlled by the Federal Department of Education. It simply cannot work!

Mr. HAWKINS. Thank you, Mr. Burdette. Is Mr. White a witness accompanied by you, or is Mr. Cooper a substitute for Mr. White?

Mr. BURDETTE. Mr. White was unable to be with us today.

Mr. HAWKINS. Mr. Cooper, is, therefore, substituting for Mr. White?

Mr. BURDETTE. Yes.

Mr. HAWKINS. Thank you very much.

The next witness is Dr. David Cronin.

STATEMENT OF DAVID CRONIN, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL EDUCATION, MASSACHUSETTS DEPARTMENT OF EDUCATION, BOSTON, MASS.

Dr. CRONIN. Mr. Chairman, and members of the committee, thank you for the opportunity for having us with you this morning. The written testimony you have is submitted at a time when critical decisions concerning budget cuts are being made. Public Law 94-482 is and has been important and effective legislation. It enables State and local State education agencies to address the goals set down by Congress, goals such as bringing programs and support services to underserved populations and improving the nation's human capital and productivity by providing quality and timely training programs which enhance the viability of our labor force.

The topic which I would like to address before the subcommittee is the need for Congress and the administration to sustain the current levels of Federal funding for vocational education. There are many reasons for such thinking at a time when the Federal Government is attempting to combat inflation and stabilize and stimulate the economy.

Education in general can be seen as an investment in human potential. Vocational education is the one facet of education specifically oriented to particular areas of employment. Vocational education establishes closest links between education and employment and provides students with alternatives to strictly academic programs. It creates a learning environment with theory and practice. Academic and manual training are joined. It motivates students

and improves their self-worth by providing tangible evidence of their accomplishments.

What is the importance of Federal funding? In the Commonwealth of Massachusetts the Federal funds are used to support the creation of new or the expansion of existing programs in the areas of high level demand. They provide increased access and support services for priority populations. They improve the quality of existing programs through the upgrading of equipment and employment of competent instructional staff. They increase the utilization of existing training facilities. As an example, a $38 million facility in the city of Boston, named after Hubert H. Humphrey, opened this past September as a result of State and local funds.

Federal funds are being provided to make programs to be operational during late afternoons, and summer recess periods. Some of the other existing programs which are highly dependent on the current funding levels, those with a strong linkage between industry and vocational training institutions, are short- and long-term training programs for technological and other high growth industries.

Urban remedial programs for the handicapped and disadvantaged, retraining efforts for displaced workers, homemakers and governmental employees and other displaced through change in the economy. Those that are needed for high growth areas in private industry. It should be noted that Federal funds are the only vocational resources which are upfront dollars to enable the State to more quickly respond to human and economic development needs as the situation demands.

Today's expenditures for vocational education will return dividends in later years. Career choices, program access and skills training provided now will impact the future supply of workers. If we are to avoid a duplication of the current economic environment where millions of unemployed do not have the skills necessary to avail themselves of existing job opportunities, that continued Federal investment in vocational education must be forthcoming.

I am asking the committee to give special consideration to these recommendations.

I have brought with me, Mr. Chairman, Dr. James Howell, who is a senior vice president and chief economist of the First National Bank of Boston. I will pass to him at this point in time.

[The prepared statement of David Cronin follows:]

PREPARED STATEMENT OF DAVID F. CRONIN, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL EDUCATION, MASSACHUSETTS DEPARTMENT OF EDUCATION, BOSTON, MASS.

INTRODUCTION

I WOULD FIRST LIKE TO EXPRESS MY APPRECIATION FOR THE HONOR TO PRESENT TESTIMONY BEFORE THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION CONCERNING THE SYSTEM OF VOCATIONAL EDUCATION IN MASSACHUSETTS AND ITS UTILIZATION OF FEDERAL FUNDS.

I AM DAVID CRONIN, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL EDUCATION, MASSACHUSETTS DEPARTMENT OF EDUCATION, COMMONWEALTH OF MASSACHUSETTS.

IT IS MY PRIVILEGE TO SHARE WITH THE COMMITTEE A BRIEF OVERVIEW OF THE STATUS OF VOCATIONAL EDUCATION IN MASSACHUSETTS AND TO EMPHASIZE THE CONTRIBUTIONS OF A FEDERAL PARTNERSHIP IN THE EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION FOR THE STUDENTS THROUGHOUT THE COMMONWEALTH. MY TESTIMONY DEMONSTRATES HOW THE COMMONWEALTH HAS INCREASED VOCATIONAL EDUCATION FOR UNSERVED AND UNDERSERVED POPULATIONS, IMPROVED THE QUALITY OF VOCATIONAL EDUCATION FOR ALL STUDENTS, SERVED THE NEEDS OF INDUSTRY THROUGH A TRAINED WORK FORCE AND DEVELOPED COOPERATIVE RELATIONSHIPS WITH PUBLIC AND PRIVATE AGENCIES IN ECONOMIC AND HUMAN RESOURCE DEVELOPMENT.

THIS PRESENTATION IS DIVIDED INTO FIVE SECTIONS DESCRIBING: (1) THE PRESENT PROFILE OF VOCATIONAL EDUCATION IN MASSACHUSETTS, THE GENERAL ROLE OF FEDERAL VOCATIONAL EDUCATION ACT (PUBLIC LAW 94-482) FUNDS AND SOME PARTICULAR SIGNIFICANT PROGRAMS SUPPORTED IN WHOLE OR IN PART WITH THESE FUNDS; (2) THE TREND OF FEDERAL VS. STATE AND LOCAL FUNDING DURING THE 1970'S; AND THE INSTABILITY OF THE FEDERAL SHARE; (3) THE CONSEQUENCES OF REDUCING FEDERAL FUNDING BY 40%; (4) THE IMPACT OF A 15% INCREASE IN FEDERAL FUNDS; AND (5) ECONOMIC REVITALIZATION AND PROGRAM CHALLENGES FOR THE 1980'S.

I. CURRENT IMPACT OF FEDERAL VOCATIONAL EDUCATION FUNDS

Present Status of Total Vocational Education In Massachusetts (A Capsule View)

In the Commonwealth of Massachusetts, approximately 349,000 individuals are currently enrolled in public vocational education programs. Twenty-one thousand are pursuing postsecondary degrees, 37,000 are in adult programs, and 60,000 are in presecondary programs of industrial arts and home economics. At the secondary level intensive skills training serve 66,000 students in areas from agriculture to trade and industry, 75,000 are in office occupation programs, 35,000 in home economics, and 55,000 in exploratory arts.

When enrollments are viewed by priority populations, 15,000 are classified as handicapped, 40,000 as disadvantaged and 1,000 as limited English proficient.

For fiscal year 1981, total expenditures for vocational education will be $299,430,864 of which $280,000,000 represents state and local funds and $19,430,864 federal vocational education funds in support of the above enrollments.

Contribution of Federal Vocational Education Funds in Massachusetts

Over 1,000 current vocational education programs in 250 local education agencies, 15 public community colleges, and 40 contractual arrangements with community based organizations, correctional facilities, and public and private vocational training institutions are the direct result of the contribution of federal vocational education funds.

Through the improvement and extension of quality vocational education programs, approximately 200,000 students are directly benefiting from federal vocational education funds. Of these, approximately 55,000 students (including 7,000 minorities and 30,000 handicapped and disadvantaged students are being served by $15 million of intensive vocational programs and supportive services. In guidance and counseling, $1 million in awards support the enrollment of 100,000 students. Forty thousand students, in consumer and homemaking programs, are supported by $1 million. Through the use of an additional $1 million, more than 5,000 individuals are enrolled in professional improvement and curriculum dissemination programs.

More than $3 million in Public Law 94-482 federal funds is currently providing services for 10,000 handicapped individuals in 190 programs (49 of these programs are additionally receiving $2 million in P.L. 94-482 federal handicapped funds under a statewide joint funding policy). Four million dollars is expended for services for 20,000 disadvantaged and limited English proficient individuals in more than 250 separate programs.

A number of programs cited above may be categorized as: industry related training (particularly high technology); training for non-traditional employment (often for displaced homemakers); retraining displaced workers (with particular focus on teachers); or programs with an urban focus (targeted for dropout prone and limited English proficient student populations. In the sections that follow, a brief description of activities supported under each of these categories is presented.

High Technology

The Massachusetts High Technology Council, representing approximately 110 computer and related companies with facilities in the State, is supporting governmental and business coordinated efforts aimed at the common goal of job creation. By 1982, the goal is to create 60,000 new high technology jobs, plus an additional 90,000 new jobs in manufacturing and support services. The Massachusetts Department of Education supports these economic development and job creation efforts. This year, approximately 40 school districts and public community colleges have been awarded approximately $1.5 million in Public Law 94-482 funds for high technology and related training programs, serving 3,500 youth and adults.

Non-Traditional Area Training Programs

For the past three years, Massachusetts has given high priority to the development and continuation of training programs in non-traditional employment fields for individuals, with particular emphasis on displaced homemakers. Currently, four public community colleges, one regional vocational technical high school, and one private non-profit vocational institution are providing vocational programs ranging from support services to intensive skills training in occupational areas that span a range from clerical skills to preparation for careers in the electronics industries. Slightly less than $.5 million have been invested in these programs. Total enrollment in these programs is approximately 1,000.

Retraining Displaced Workers

Demographic and economic changes, as well as enactment of Proposition 2½, a tax cutting initiative passed by the voters of Massachusetts, have each caused a reduction in force (RIF), which which has eliminated the jobs of teachers in many school districts throughout the Commonwealth. These layoffs have the potential of increasing structural unemployment and loss of human resources unless viable alternatives are created to enable these individuals to re-enter the mainstream of the economy. The high technology industries in the Commonwealth currently have labor demands in several electronics occupational areas. In cooperation with Massachusetts High Technology Council, and Massachusetts Teachers Association, the Massachusetts Department of Education piloted a program to retrain "RIFed" personnel for employment in the high technology industry. Approximately, $200,000 has been invested in this exemplary effort. Seventy-five individuals have already participated in and graduated from this program. As graduates, they qualify as COBOL programmers, well-versed in practical business applications techniques. Each of these graduates has been guaranteed placement in high technology firms in Massachusetts. Programs such as these create new long term job opportunities and alleviate critical national labor market shortages.

Programs With Urban Focus

The Massachusetts State Board of Education, in its Policy on Occupational Education, stresses its commitment to increase the number of urban, minority, bilingual and handicapped students in publicly sponsored occupational education programs, specifically in those in which they have been significantly underrepresented. In order to increase enrollments in urban areas, the Board has utilized several strategies. Among them are programs conducted by community based organizations, bilingual teacher training programs and programs for incarcerated youth.

Community Based Organizations (CBO's)

After recent State survey efforts documented community based organizations' unique capacity to provide occupational services to urban youth, the Department of Education awarded $300,000 to eleven CBO's to provide remedial education, intensive instruction, and guidance and counseling services, (all aimed at preventing urban youth from dropping out of the education system and at providing services to disadvantaged youth). Total enrollment in these programs is approximately 1,700 individuals.

Bilingual Teacher Training

One of the more important barriers to meeting the vocational education needs of the limited English proficient students has been the lack of professional personnel to serve the students. To meet this need, the Massachusetts Department of Education has invested, during the last five years, slightly less than $.7 million to train bilingual individuals from specific trade areas and enable them to meet State certification requirements. These programs have added more than 200 bilingual instructors in data processing, printing, drafting, fashion design, distribution and marketing, carpentry, automotive technology, food and nutrition, welding and commercial design.

Programs for Incarcerated Youth

Within Massachusetts (e.g., Boston, Springfield, Worcester, and New Bedford), many delinquent youth with the potential to benefit from a vocational/technical education need support services to complete such programs. To provide services for these youth, the Department of Education has invested approximately $.3 million over three years to provide services in remedial education, job interviewing, group and family living, communication skills, personal and vocational counseling and occupational exploration. As a result of this investment more than 1,000 youth have already been served.

II. FEDERAL INVESTMENT IN VOCATIONAL EDUCATION FROM THE 1970'S TO TODAY

During the 1970's the federal investment of vocational education funds in Massachusetts varied from a low of $10 million in 1972 to a high of $15 million in 1979. In some intervening years the funds increased; in others they decreased. During the same period, the state and local expenditures for vocational education increased in total from $119 million in 1972 to $263 million in 1979, and increased each year. The 110% increase in state and local compared with the 50% increase in federal commitments caused the federal share to drop. The relative federal contribution to vocational education in Massachusetts was 8% in 1972, rose to 9.1% in 1974, and then decreased dramatically to less than 6% for the last few years of the seventies.*

Table 1 illustrates the changing patterns of program support in greater detail. The crisscross patterns demonstrate the difficulty for serious planning efforts. What was really needed during the 1970's was a firm commitment on the part of the federal government to increase the federal share of vocational education funds years in advance to enable states to adequately plan for economic peaks and valleys, thereby contributing to economic revitalization.

* Deflating the federal, and state and local expenditures by changes in the Consumer Price Index, the 1979 federal vocational education "real" contribution declined by 14% while the state and local "real" contribution increased by 21% from the 1972 rates.

Table I

Federal vs State and Local Support for Public Vocational Programs in Massachusetts During 1972-1979*

FISCAL YEAR	FEDERAL DOLLARS IN MILLIONS	% OF TOTAL VOC. ED. FUNDS	% CHANGE FROM PREVIOUS YEAR	STATE/ LOCAL $ IN MILLIONS	% OF TOTAL VOC. ED. FUNDS	% CHANGE FROM PREVIOUS YEAR	TOTAL VOC. ED. $ IN MILLIONS	% CHANGE FROM PREVIOUS YEAR
1972	10.2	8.0%	5%	119	92%	6%	129	6%
1973	12.6	8.7%	23%	133	91.3%	12%	145	13%
1974	15.3	9.1%	21%	152	90.9%	14%	167	15%
1975	13.0	7.0%	-16%	173	93%	14%	186	37%
1976	14.4	6.2%	11%	217	93.8%	25%	232	24%
1977	14.0	5.6%	-3%	237	94.4%	9%	251	8%
1978	14.8	5.5%	6%	251	94.5%	6%	266	6%
1979	15.3	5.5%	3%	265	94.5%	6%	280	5%
1980	16.7	5.7%	9%	275	94.3%	4%	292	2%

Source: Massachusetts Department of Education

III. CONSEQUENCES OF A PROPOSED 40% REDUCTION IN FEDERAL VOCATIONAL EDUCATION FUNDS IN MASSACHUSETTS

A 40% reduction in federal vocational education funds in Massachusetts would drastically reduce the number of handicapped and disadvantaged students receiving services, cause substantial cuts in vocational programs at the secondary, postsecondary and adult levels, and equally important, reduce the quality of remaining vocational education programs (e.g., equipment, staff, curriculum and instructional media). The table below shows the impact of the proposed reduction of funds:

Fiscal Year 1982
Federal Vocational Education Act
Basic Grant - Subpart 2

PROJECTED IMPACT OF A 40% REDUCTION

DOLLAR IMPACT

	Total	Set-a-Sides			
		Handicpd. (12%)	Disadv. (22%)	PS/A (17%)	Other Voc.Ed.
Current Funding	14,400,000	1,760,000	3,200,000	2,400,000	7,040,000
40% Reduction	5,800,000	600,000	1,200,000	900,000	3,100,000
Balance	8,600,000	1,160,000	2,000,000	1,500,000	3,940,000

Currently, Massachusetts expends approximately eighty-one percent (81%), twelve percent (12%) and seven percent (7%) in federal dollars for vocational education in state and local institutions for secondary, postsecondary and adult respectively. The impact of the cut by programs, populations and number of students is shown below:

POPULATION IMPACT

Category	# Of Programs That Would Be Eliminated/ Reduced	% Of Programs That Would Be Eliminated/ Reduced	# Of Students Impacted
Disadvantaged	86	43	9,460
Handicapped	68	45	5,300
Secondary	365	46	19,180
Postsecondary	33	56	660
Adult	8	30	400

The estimated impact of the proposed cut in federal dollars currently used for adult training for economic development and for economic revitalization would be equally as dismal. Nineteen percent (19%) of the federal dollars are used for these types of programs. Approximately, forty-one (41) or 40% of the programs and 1,060 students would be affected.

Of paramount significance is that sixty-five percent (65%) of federal funds are currently used in state and local institutions for programs in economically depressed areas. The table below gives an indication of the impact on Massachusetts:

IMPACT ON PROGRAMS IN DEPRESSED AREAS

Category	# Of Programs That Would Be Eliminated/ Reduced	# Of Students Impacted
Secondary	267	15,778
Postsecondary	22	440
Adult	6	300

To improve the quality of existing vocational education programs, Massachusetts expends approximately forty percent (40%) of its federal dollars for equipment, staff, curriculum, and instructional media. Approximately 300 programs would be affected in this area.

In addition to the consequences of a proposed reduction in federal funds, the voters in the state of Massachusetts recently enacted "Proposition 2½," an Act limiting state and local taxation and expenditures. The Act imposes a property tax and motor vehicle excise tax ceiling or limitation percentage of .025 (2½%) of each city and town's full and fair cash valuation as of January 1, 1981. As a result of "Proposition 2½," vocational education support will be cut by $21,000,000 in communities currently exhibiting the highest equalized tax rates. These communities are almost exclusively in economically depressed areas and faced with municipal overburden (the high cost of providing support services in large urban communities with high concentrations of low income populations). Program cuts in these cities will severely limit gains previously made in providing increased program access and support for target populations. As local resources diminish, the need for federal funds will sharply rise.

IV. IMPACT OF A 15% INCREASE IN FEDERAL VOCATIONAL EDUCATION FUNDS

If Federal Vocational Education funds were increased by 15% in the Basic Grant, the following goals would be achieved in the Commonwealth of Massachusetts:

- Total vocational education expenditures would exceed $300 million with the Federal share reaching 7% for the first time since 1975.
- Enrollments in skills intensive program areas would exceed 100,000 students for the first time.
- Massachusetts does not use its Federal funds to maintain programs, but rather to redirect existing programs and to initiate new programs in high-demand occupations sustained with State and local funds in ensuing years. An increase of (15%) $2,160,000 would enable Massachusetts to provide vocational education to an additional 4,500 individuals resulting in job placement in the new and expanding industries.
- Approximately 3,000 disadvantaged and/or unemployed, 500 handicapped, 2,225 women and 750 new minority students would be served.
- Approximately 150 programs would be improved or initiated.

Massachusetts has recently experienced an economic renaissance. An increase in Federal funds would support and enhance this economic revival. In terms of human resource development, our goal is to continue our efforts in increasing the numbers of hard-to-employ persons, personnel affected by reduction in force, and displaced/discouraged workers.

V. ECONOMIC REVITALIZATION AND PROGRAM CHALLENGES FOR THE 80's

With respect to economic revitalization, Massachusetts' unemployment rate currently stands at 5.2%, more than two percentage points below the national average of 7.4%. There are, however, 175,000 unemployed persons (not including the discouraged workers no longer in the labor force); a grossly unacceptable number, many of whom are single heads of household, female, youth and minorities.

During the past year, the Massachusetts economy continued to show strength, so did vocational education's contribution to human resource development among priority populations and to economic development by providing industry specific training. The table below shows employment, enrollment and percentage increases, by occupational area, over a two-year period. Vocational enrollments can be seen as responsive to changes in employment and labor market demand.

	1978	1980	Percentage Increase
	Employment	Employment	
Manufacturing of Durable goods - Industries	379,100	403,200	6%
	Enrollments	Enrollments	
Technical Programs	7,196	8,667	20%
	Employment	Employment	
Construction Industries	72,100	81,000	12%
	Enrollments	Enrollments	
Trade/Industry Programs	62,925	67,910	8%

*Most of the increase occurred in electrical machinery, electric and electronic equipment.

TOTAL NUMBER OF STUDENTS SERVED BY HIGH TECH. COMMUNITY COLLEGE ENROLLMENTS SUPPORTED WITH P.L. 94-482 FUNDS

HIGH TECH. RELEVANCY	FY 78	FY 79	FY 80	FY 81	FY 82**	TOTAL
Directly Related (DR)	344	210	1,026	1,127	2,024	4,731
Related (R)	298	232	618	1,215	1,680	4,043
Not Related (NR)	4,177	7,291	2,775	4,375	268	18,886
TOTAL	4,819	7,733	4,419	6,717	3,972	27,660

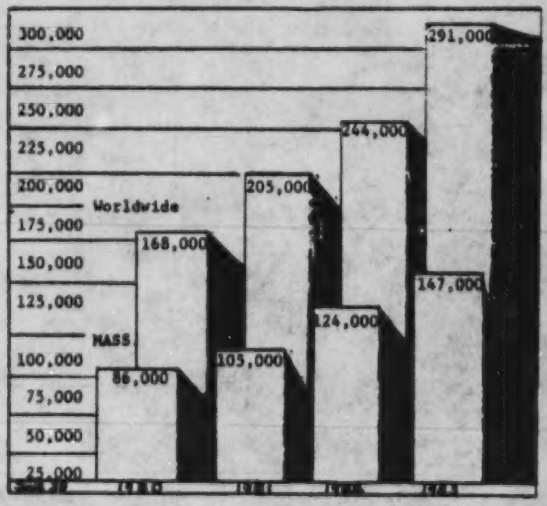
**Proposed

SOURCE: Massachusetts Department of Education

Among the challenges for vocational education during the 1980's will be meeting the manpower needs of the high technology industries. Recently, a survey of projected employment needs for technical industrial growth indicates that in Massachusetts alone, this industry will need 61,000 additional skilled workers by 1984. Of the 60,000 new jobs, 34,000 will require college degrees, possibly absorbing many teachers reduced in force and other municipal workers terminated as a result of Proposition 2 1/2. Further, there will be a need to provide those industries surveyed with an additional 10,000 electronic and computer technicians, drafters and technical paraprofessionals, a substantial number of whom will be graduates of vocational programs made possible through Federal funds. Finally, by mid-1983, the vocational community will be called upon to assist in providing these industries with semi-skilled workers as well, specifically to fill the 17,000 new assembly and production operator positions.

This same survey indicates that these companies (110 firms comprising the Massachusetts High Technical Council) will contribute an additional 125,000 jobs outside of Massachusetts. This is a convincing argument to support a nationwide increase in Federal vocational education expenditures to accompany such growth (see chart below).

PROJECTED TOTAL EMPLOYMENT IN HIGH TECHNOLOGY



A reduction in Federal vocational education funds will seriously affect the goals originally intended by Congress in its enactment of Public Law 94-482, goals toward which the Commonwealth of Massachusetts has eagerly striven: vocational education's contribution to economic revitalization; meeting job skill shortages; match of labor market supply and demand; and employment training for priority populations.

Vocational education is one of the few programs that cannot survive without a strong partnership with industry. In Massachusetts, we have established this partnership. The cooperation is evidenced by the willingness of thousands of industry volunteers to serve on our advisory councils and the acceptance of thousands of job opportunities provided program completors.

Further, a reduction in Federal funds is counter-productive to the goals set forth by our present administration in its efforts to revitalize the American economy. On the other hand, a dramatic increase in Federal vocational education funds would cement the links between government and private industry in pursuit of the administration's goals.

EXHIBITS TO ACCOMPANY

ORAL TESTIMONY

Status of Vocational Education in Massachusetts

Total Enrollments

Postsecondary Degree Programs		21,000
Adult Programs		37,000
Secondary Programs		
Intensive Multi-year Training (Excluding Office Occupations)	66,000	
Office Occupations (Intensive & Other)	75,000	
Home Economics	35,000	
Exploratory	55,000	
Total Secondary		231,000
Pre-Secondary Programs		
Industrial Arts and Home Economics		60,000
TOTAL ENROLLMENTS		349,000

Priority Population Enrollments

Handicapped	15,000
Disadvantaged	40,000
Limited English Proficient	1,000
TOTAL	56,000

Vocational Program Costs

Federal	$ 19,430,864
State and Local	280,000,000 (projected)
TOTAL	$299,430,864

Current Federal Vocational Education Programs

More than 1000 programs in operation, being run by:

- 250 Local Education Agencies
- 16 Public Community Colleges
- 40 Contractual Arrangements with
  - Community Based Organizations
  - Correctional Facilities
  - Other Public and Private Vocational Training Institutions

To support the following activities:

- Intensive Vocational Programs and Support Services ($15 million, 55,000 students)
  - 10,000 Black, Hispanic, and other minority students
  - 9,000 Handicapped
  - 20,000 Disadvantaged
  - 2,000 Limited English Proficient
- Guidance and Counseling Services ($1 million, 100,000 students)
  - 19,000 Minority
  - 10,000 Handicapped
  - 18,000 Disadvantaged
  - 3,000 Limited English Proficient
- Special Disadvantaged Programs ($5 million, 1,000 students)
  - All these students are Disadvantaged and live in older urban centers with high school drop-out rates
- Consumer and Homemaking Programs ($1 million, 40,000 students)
  - 4,000 Minority
  - 4,000 Handicapped
  - 9,000 Disadvantaged
  - 1,000 Limited English Proficient

Why Federal $ Are Critical

State and Local	1981	Federal
$280.0 million (93.8%)	vs.	$19.4 million (6.2%)

The 19.4 million Federal Vocational Education $ provide:

- Dramatically Increased Program Access for Special Populations
  - Minority
  - Handicapped
  - Disadvantaged
  - Limited English Proficient
  - Postsecondary and Adult
  - Elimination of Sex Bias
  - Displaced Homemakers
  - Incarcerated
- Establishment of New Programs
  - High Technology
  - Non-Traditional Area Training
  - Retraining Displaced Workers
  - Urban Focus Programs
    - Community Based Organizations
    - Bilingual Teacher Training
    - Programs for Incarcerated Youth
- Funds to Those With Greatest Need, Measured By:
  - Property Tax Base
  - Concentration of Low-income Individuals
  - Median Family Income
  - Unemployment Rates
- Cost Effective Delivery
  - Utilization of Existing Training Facilities During Off-Peak Hours
  - Equipment Upgrading
  - Coordination With CETA, Area Vocational Schools, Others
  - Multiplier Effect As State, Local And Private Sector Funds Augment Federal Funds
- Substantial Justification Required For Funding Including:
  - Local Plan for Vocational Education
  - Local Advisory Council
  - Documented Evidence of Existing Labor Market Demand

Federal vs State and Local Support for Public Vocational Programs in Massachusetts During 1972-1979

FISCAL YEAR	FEDERAL DOLLARS IN MILLIONS	% OF TOTAL VOC. ED. FUNDS	STATE/ LOCAL $ IN MILLIONS	% OF TOTAL VOC. ED. FUNDS
1972	10.2	8.0%	119	92%
1973	12.6	8.7%	133	91.3%
1974	15.3	9.1%	152	90.9%
1975	13.0	7.0%	173	93%
1976	14.4	6.2%	217	93.8%
1977	14.0	5.6%	237	94.4%
1978	14.8	5.5%	251	94.5%
1979	15.3	5.5%	265	94.5%
1980	16.7	5.7%	275	94.3%

Fiscal Year 1982
Federal Vocational Education Act
Basic Grant - Subpart 2

PROJECTED IMPACT OF A 40% REDUCTION

DOLLAR IMPACT

	Total	Set-a-Sides			
		Handicpd. (12%)	Disadv. (22%)	PS/A (17%)	Other Voc.Ed.
Current Funding	14,400,000	1,760,000	3,200,000	2,400,000	7,040,000
40% Reduction	5,800,000	600,000	1,200,000	900,000	3,100,000
Balance	8,600,000	1,160,000	2,000,000	1,500,000	3,940,000

POPULATION IMPACT

Category	# Of Programs That Would Be Eliminated/ Reduced	% Of Programs That Would Be Eliminated/ Reduced	# Of Students Impacted
Disadvantaged	86	43	9,460
Handicapped	68	43	5,300
Secondary	365	46	19,180
Postsecondary	33	56	660
Adult	8	30	400

IMPACT ON PROGRAMS IN DEPRESSED AREAS

Category	# Of Programs That Would Be Eliminated/ Reduced	# Of Students Impacted
Secondary	267	13,778
Postsecondary	22	440
Adult	6	300

STATEMENT OF JAMES M. HOWELL, SENIOR VICE PRESIDENT, THE FIRST NATIONAL BANK OF BOSTON

Dr. HOWELL. Thank you, Mr. Chairman. I would like to submit my remarks for the record and summarize them at this time.

Mr. HAWKINS. Without objection, all statements will be entered in the record in their entirety.

Dr. HOWELL. Thank you. I welcome the opportunity to appear before this committee.

I am chief economist of a small country bank in Boston with assets of nearly $20 million and it is in that capacity, working with the business community in the North and all over the country that I come and speak to you today.

I would like to summarize my remarks by saying two things. First of all, we strongly, our bank, endorse both the Presidential and congressional efforts to restore a greater measure of discipline to the budgetary process.

Second, the administration's strategy for economic revitalization can be complemented by policies and programs of human capital formation. I will come to that and be more specific.

It is very clear to me as an economist and as a banker that the principal issue in the overall program is the stimulation of business capital formation through tax policy coupled with Federal expenditure reductions.

Now, let me be specific about the role of vocational education training in that process. Here there are three generalizations that are based on our bank's economic research in the North that I think are important and relevant to this committee.

First, the current New England labor market situation can best be described as one of critical labor scarcity juxtaposed to strong labor market demand, especially for technical-skilled workers.

Second, this problem of labor market tightness is exacerbated by the special problem of older and aged workers now dominating the technical skilled labor markets.

Finally, there is an emerging and growing dialog among business-labor-education leaders about worker training, and this suggests that meaningful progress in labor training for business is now at hand, and premature reductions of funding in this area could choke off these positive developments.

Let me comment briefly on each of these. In the space of just a decade, the economy of Massachusetts has undergone massive transformation. We have moved from being an essentially stagnant economy in the late 1960's into most of the mid-1970's with an antiquated capital stock, to one now of a vibrant business region with a growing manufacturing sector and with an unemployment rate well below the national average. There are a number of factors which have played a role in this, but clearly the most dominant one would have to be the growth in our high technology industries.

Nowhere has the economic impact of high technology been more profound than in Massachusetts. Just last year, for example, the list of newcomers to Fortune 1000 included more companies from Massachusetts than any other State in the country.

To be more specific about our labor market, a recent survey by the Massachusetts High Technology Council, which is the trade

organization for the 100-plus technology based firms, indicated that these businesses should create 100,000 new jobs over the next several years. The majority of these jobs could be created in Massachusetts, or at least in New England, but critical shortages of technical skilled production workers now prevent this from taking place in as orderly pace as regional policymakers desire.

This current tightness of labor markets is not limited alone to high technology companies. It is concentrated also in small business firms. In a recent survey taken by our bank and the Smaller Business Association of New England, 46 percent of the chief executive officers that we surveyed in small New England business firms indicated that there was sufficient tightness of labor markets for technical and production workers that if they could not be obtained in the labor markets, that there would be interruptions in their production process.

The key point here is that the tightness in the labor markets, if not outright shortages, for skilled technical workers, those that come out of the vocational technical system, currently exists in our region in the North. This means that there is virtually no flexibility in satisfying the surge in labor market demand that will accompany the acceleration of business capital formation that lies ahead in response to President Reagan's program.

Thus far my comments have been limited to the need of business capital formation. We will shift over to a discussion of defense production and defense procurement. Massachusetts and Connecticut now receive roughly 12 percent of the Nation's defense procurement budget, and yet their combined population is only 4 percent. Thus it is likely that an acceleration in defense spending will have a disproportionate impact again on a region that is already experiencing tight labor markets.

Again, the point should be emphasized that capital and labor markets in the North are not now functionally balanced and with the anticipated growth in defense spending and business capital formation that lies ahead, there will be very little play in the production line to achieve the expected national rates of growth. That is very important. I know of no way to do this other than to accelerate the greater involvement of vocational technical education.

The second aspect that I mentioned was the issue of older production workers in the production process. Here I will briefly summarize the recent studies by the Council for Northeast Economic Action of 11 key Massachusetts manufacturing industries. They found that in 7 of 11 of those key industries the average age of the production workers was over 50 years. The average age of a Massachusetts blue collar technical and skilled worker today in the labor force is 51.5 years of age. Thus we may conclude that there is an impending wave of strong replacement demand that must be satisfied tomorrow in the pipeline for skilled and technical labor force in the North that we must face and address today.

Again, I know of no better way to stimulate this kind of human capital requirement in New England and bring the balance between capital and labor markets than through vocational training.

Finally, I can conclude with a brief remark about what Bill Wirtz has long sought after, which is a collaborative process be-

tween education and business and labor on getting the worlds of work and business closer together. That is taking place in the North today. I am a part of it with Dr. Cronin and his colleagues in the educational field.

Initially, the impetus for this came from the CETA title 7 program. Now it is spreading rapidly, thoroughly and meaningfully into other areas involving the business community in planning vocational technical programs. These funds are important to continue that process and in your judgment we ask you to take these factors into consideration.

To summarize, the essential goal of the President's program is to stimulate business capital formation. To that end we think it is on the right track. I am here to argue that there must be an essential balance between business capital and human capital and that involves an important aspect of training.

Thank you very much, Mr. Chairman.

Mr. HAWKINS. Thank you.

[The prepared statement of Dr. James Howell follows:]

PREPARED STATEMENT OF DR. JAMES M. HOWELL, SENIOR VICE PRESIDENT, THE FIRST NATIONAL BANK OF BOSTON

As Chief Economist of The First National Bank of Boston, the largest bank in New England, I welcome the opportunity to appear before this distinguished Committee to discuss the need for appropriate policies in the area of education and labor training. In the course of my remarks today, I would like to make two fundamental points: First, I would like to strongly endorse both the Presidential and Congressional efforts to restore a greater measure of discipline to the budgetary process in order to stimulate business capital formation and get our national economy back on the path to prosperity and price stability; and Second, the Administration's strategy for economic revitalization can be complimented by policies and programs of human capital formation.

We may now turn our specific attention to an elaboration of these two points.

ACHIEVING GREATER BUDGETARY DISCIPLINE

Let me state at the outset that our Bank, and I believe the financial community as a whole, strongly support both the Presidential and Congressional efforts to restore a greater measure of discipline to the budetary process. The central elements in the President's program are now widely known and need not be elaborated here. It is, indeed, very clear that the principal issue in the overall program is the stimulation of business capital formation through tax policy coupled with Federal expenditure reductions. This program will provide the growth imputus for our country in the decade ahead, and will make room for the expanded role of the private economy in using our nation's limited capital and labor resources.

Even before the announcement of the President's program, the slow pace of U.S. economic activity along with our dismal productivity performance has generated broad support for a stategy of Federal tax incentives to stimulate business capital formation. Since much of the U.S. economy now suffers from the burden of an obsolete capital stock and an intensification of foreign competition, there is ample rationale for the pursuit of this strategy.

In terms of the magnitude and type of tax cuts, recent studies for the Joint Economic Committee have already demonstrated that considerable economic progress can be achieved through liberalization of depreciation schedules and expansion of the investment tax credit. I know that the Congress is familar with the particulars of many of these proposals, as well as the fact that President Reagan has incorporated this approach in his program for economic revival.

While incentives for business capital formation are obviously and appropriately the centerpiece of the Administration's economic strategy, we should keep in mind the need to balance these proposals with incentives for human capital formation. In my view, maintenance of an adequately funded program of vocational education would augment the thrust of President Reagan's ambitious and farsighted plan for economic renewal.

FEDERAL SUPPORT FOR VOCATIONAL EDUCATIONAL PROGRAMS COMPLEMENT BUSINESS CAPITAL FORMATION

In stating that there is a high degree of interdependence between the stimulation of business capital formation and Federal labor training programs, I am suggesting that vocational programs are a necessary and powerful complement to the Administration's capital formation strategy. Accordingly, I am arguing that vocational educational training programs should not be viewed as just another spending item but rather as an important component of investment. Viewed from this perspective, I would concur fully with the point made by Congressman Jack Kemp and OMB Director David Stockman that fiscal control "cannot be conducted as an accounting exercise or exclusively through legislated spending cuts in the orthodox sense. Only a comprehensive economic pakage that spurs output and employment growth and lowers inflation expectations and interest rates has any hope of stopping the present hemorrhage."

I again underscore my belief that the President's proposal puts in place most of the elements of such a comprehensive program. By significantly reducing the burdens of business taxation and by providing for a rollback of cost-increasing regulations, the program will spur a much needed increase in the formation of physical capital. However, in order to maximize the chances for success, it is imperative that the strategy being formulated by the President and by Congress not neglect the other vital input to economic growth, namely the formation of human capital. And here there are a number of specific points that need to be elaborated. These are based on our Bank's regular analysis of the New England and Massachusetts economies as well as my own conversations with regional business leaders as to the factors affecting their capital spending decisions. Among the most relevant are: The current New England labor market situation can best be described as one of critical labor scarcity juxtaposed to strong labor market demand, especially for technical-skilled workers; this problem of labor market tightness is exacerbated by the special problem of older and aged workers now dominating the technical-skilled labor markets; and the growing dialogue among business-labor-education leaders about worker training suggests that meaningful progress in labor training for business needs is now at hand, and premature cuts could choke off these positive developments.

CURRENT LABOR MARKET CONDITIONS ARE CRITICALLY TIGHT

In the space of just a decade, the economy of Massachusetts has undergone a massive transformation. We have moved from being an essentially stagnant economy with an antiquated capital stock to become a vibrant business region with a growing manufacturing sector and with an employment rate well below the national average. What accounts for this dramatic revitalization? While a thorough analysis would identify a variety of factors, the key to our economic resurgence is the prominence of our "high technology" sector.

Nowhere has the economic impact of the high tech industry been more profound than in Massachusetts. Just last year, for example, the list of newcomers to Fortune 1000 included more companies from Massachusetts than any other state—a remarkable testimony to the strength of the economy. Although the technology workforce is larger in California or in my own home state of Texas, those states have two-to-four times the population of Massachusetts. Directly or indirectly, high technology accounts for about 30 percent of our total employment.

To be more specific about conditions in our labor markets, a recent survey by the Massachusetts High Technology Council—the trade organization for the state's 100-plus technology based firms—indicated that these businesses should create 100,000 new jobs on a world-wide basis over the next several years. The majority of these jobs could be created in Massachusetts, or at least New England, but critical shortages of technical-skilled production workers now prevent this from taking place in as orderly pace as regional policymakers desire.

The current tightness of labor markets in New England is not limited to these sophisticated firms. In a recent survey of approximately 100 CEO's of small manufacturing and service firms, conducted jointly by our Bank and the Smaller Business Association of New England, 46 percent of the firms surveyed stated that their labor markets are so tight that it is becoming more and more difficult to hire technical and professional workers at their plants.

The key point here is that the tightness, if not outright shortages, for skilled technical workers that currently exists in New England labor markets means that there is virtually no flexibility in satisfying the surge in labor market demand that will accompany the acceleration in business capital formation that lies ahead.

Thus far my comments have been limited to the need to restore a better balance between capital and labor in the economy as business capital formation in general accelerates. This line of reasoning becomes even more compelling when one also considers the impact of defense procurement on New England labor markets. Massachusetts and Connecticut alone now receive roughly 12 percent of the total defense procurement budget. Yet their combined national population share amounts to only 4 percent. Thus, it is likely that the acceleration in defense spending will have a disproportionate impact on a region that is already experiencing tight labor markets.

Again, the point should be emphasized: capital and labor markets are not now functionally balanced and with the anticipated growth in defense spending that lies ahead there will be very little play in the production line to achieve the expected national rates of growth. Now I am well aware that there can be a certain amount of capital substitution for labor in the production process but this is a complex, longer-run issue. For the here and now, vocational education and other programs of human capital formation hold the key to achieving balanced national and regional growth.

THE SPECIAL PROBLEMS OF OLDER PRODUCTION WORKERS

The contemporary assessment of the current tightness of labor markets today does not necessarily mean that this condition will continue over the next 5 to 10 years. Yet a recently completed analysis by the Council for Northeast Economic Action of 11 key Massachusetts manufacturing industries concluded that the average age of the current production workers labor force amounts to 51.5 years. Furthermore, in seven of the eleven industries analyzed, the mean age was 50 years or more.

Unquestionably, this skewed distribution in the current skilled-technical labor force means that there will be an impending wave of strong replacement demand for production workers over the coming decade that will bring even greater demands on labor markets. Thus we may conclude by noting that labor markets for the skilled and technical workers are currently very tight and there is considerable reason to believe that market dynamics—both in terms of demand (business capital formation and defense procurement) and supply (the older aged labor force)—are moving in the direction of making it more, not less, difficult for labor markets to function in an orderly fashion.

Continued economic vitality clearly requires the training of a competent work force adequate to the needs of our expanding industries. I know of no better way to stimulate the kinds of human capital formation required in New England through vocational training.

I might add that human capital formation is not just a regional issue. In the coming decade, demographic changes will highlight the Federal role in this area. By 1990, the age cohort 16–24 will fall by over 15 percent at the national level. Because this age group is obviously more flexible, the decline in this most trainable component of our population will make it much more difficult to respond to the requirements of a new industry mix in our economy. An ongoing and adequately funded program of vocational training and restraining represents a farsighted response to the overall investment requirements of our economy.

THE EMERGING DIALOGUE AMONG BUSINESS, LABOR, AND EDUCATION

In my remarks today, I have outlined a set of economic circumstances that trace out an existing imbalance situation between capital and labor markets in the North and I have emphasized that there is a high likelihood that the dynamic forces of national and regional economic growth are moving in a direction which would place additional stress on these markets.

By themselves, these generalizations are vitally important to the development of practical labor market policies. There is still another dimension to this issue that should not be overlooked. Here I speak of the increased public dialogue that is now beginning to take place all over the country across the business-labor-education sectors. It is now relatively clear that many of the traditional barriers to discussion among the two worlds of education and work are being broken down. This is surely a hopeful sign.

In part, this progress has been stimulated by the creation of local Private Industry Councils that administer CETA Title VII programs. But this development alone does not explain the much broader dialogue now underway among these sectors on the issue of meaningful labor training in the North's vocational educational system. The challenges of tight labor markets and flexible labor training programs is at long last becoming a reality, and business, labor, and education are trying to work

for the common good. A continuing Federal-State partnership in the area of labor training is necessary so as not to jeopardize the all important cross-sectional dialogue that is bringing the world of work and education closer together.

CONCLUDING COMMENTS

Let me conclude with one final point. It should be stressed that the importance of the Federal role cannot be judged by looking at the budget as an accounting exercise since it involves a complex set of relationships within the Federal system. Federal fiscal policy, whether it emphasizes the "demand side" or the "supply side" must be formulated with an eye to likely developments at the state and local level. Just as countercyclical revenue sharing was enacted in the mid-1970's in order to augment a policy of demand management, so too should human capital formation incentives be retained in order to strengthen the Administration's program of supply-side management. I am confident that such a comprehensive program will emerge from the thoughtful deliberations of this Congress.

STATEMENT OF AARON LANGSTON, DIRECTOR OF GOLDEN TRIANGLE VOCATIONAL-TECHNICAL EDUCATION DISTRICT

Mr. HAWKINS. The next witness is Mr. Aaron Langston, director of the Golden Triangle Vocational-Technical Center at Columbus, Miss.

Mr. LANGSTON. Mr. Chairman, and members of the subcommittee, I am Aaron Langston. I am district director of the Mississippi Golden Triangle Vocational-Technical District.

On behalf of 180,000 vocational students and educators in the State of Mississippi, I want to express our appreciation for your support and kindness in the past. We now solicit your continued support with improved laws of reauthorization and increased Federal appropriations for vocational education.

Mississippi has made economic progress in the last 10 years, but we are still the lowest per capita State in the Nation. Our per capita income has increased from 1970 at $2,547 per year to $6,178 per year in 1980. The national average is $8,773 and that means that we are still 50th in the 50 States.

Mississippi's economy has historically been agriculturally bound. In 1936 Mississippi adopted a policy of balanced agriculture with industry, but this did not come into fruition until 1965.

Needless to say, Federal welfare dollars far exceed the Federal investment in education and particularly in vocational education in Mississippi.

On the other hand, the Vocational Education Act of 1973 and subsequent amendments have put vocational education programs on an upward trend; but problems still exist. The State has not adequately funded vocational education and neither has the Vocational Education Act on the Federal level been fully funded.

Mississippi is only part way through its plan of building, equipping with the state of art equipment, and staffing. We have many new business opportunities and job opportunities brought into the State by new industry; however, thousands of our young people are still without access to vocational training due to a lack of facilities and modern equipment.

In 1979, the Mississippi Research and Development Center made a study that revealed that in the next 10 years 466,000 job openings will occur in the State of Mississippi. That means that 48,000 workers annually are needed to keep pace with our industrialization. Only 6 percent of these jobs will require a baccalaureate degree. That is only 26,800 people. While 88 percent of those jobs

will require vocational technical training, and that is 412,000 people that must be trained.

The year 1979 required vocationally educated students or employees at the rate of 43,741, just for the expansion and replacement of the existing industry.

The State trained only 16,000 people in all its training programs, vocational education, CETA, and Job Corps. This indicates a considerable differential between training needs and the supply of workers from all types of vocational programs.

We have the people. They have the will. They need the training. Our poor State cannot adequately fund vocational expansion and growth. Therefore, reauthorization and a full funding of vocational education is imperative.

Every Federal dollar invested in vocational education saves future welfare dollars in the State. Every vocational education dollar helps provide our citizens skills and knowledge needed to obtain unsubsidized employment. Through close coordination with industry and support from the Mississippi Manufacturers Association and 90 percent of the industry in our State are members of that, we are embarking on a program of revitalization and expansion and have established a division of industrial services within the vocational education division.

Mississippi has industries that are critical to the defense of the Nation. We have the Ingalls Shipyard of Litton Industries. They build and overhaul nuclear submarines. They pioneered in the process of automation to build destroyers.

We also have Hughes Aircraft that contracts with the U.S. Government to build military equipment.

Vocational education industrial services literally trained thousands in tailormade startup training programs for these defense industries.

My own center is heavily involved with operating industrial training programs for new and expanding industries and upgrading the work force of existing industry, who are upgrading and modernizing their own equipment.

On any given day, 20 to 35 industrial startup training programs are in operation in our State.

Since 1975 we have trained over 16,000 people for 200 industries. The request for programs far exceeds our ability to deliver due to inadequate funds both on a State and Federal basis.

Industrialists are requesting that we retool our shops and labs to keep up with the technological changes that are taking place in industry today.

Ten years ago our industries were based on mechanical equipment. Today they are based on electromechanical and microelectronic mechanical equipment It must be done and we do not have our initial plan completed of building centers and equipment and equipping them in every area of the State. If we are to compete with other industrialized nations and compete in world markets, we must make necessary investments to properly train our people.

Federal vocational dollars in Mississippi are critical. Those dollars are invested in building and equipping facilities, providing staff development, and providing maximum assistance to disadvantaged and handicapped.

Mississippi people are confused about the Federal priorities. They have witnessed hundreds of millions of Federal dollars flowing into the State for a myriad of welfare and welfare-type programs. We see a multitude of agencies with large, expensive administrative staffs actually competing to serve the same clients over and over again. We wonder why the Federal Government chooses to spend so much on temporary stop-gap programs and so little on the established, working, and creditable vocational education system. In some years the CETA money alone coming into Mississippi exceeded $100 million, yet vocational education has been receiving the same $8 to $10 million annually plus about $5 million that could be coaxed from the CETA prime sponsors in our State.

A high percentage of our youth drop out of school when they complete junior high school and never have the opportunity for job preparation. We are now able to help some of these through industrial services start up training programs; however, a 20-percent decrease in Federal funding could totally wipe out this training.

Since the industry of our State is equally dependent on the vocational education industrial services training programs, I would like to yield the balance of my time to a representative of industry, Mr. Oscar E. Prioleau, of the Daniel International Corp.

[The prepared statement of Aaron Langston follows:]

PREPARED STATEMENT OF AARON LANGSTON, DIRECTOR, GOLDEN TRIANGLE VOCATIONAL-TECHNICAL EDUCATION DISTRICT

Mr. Chairman and members of the subcommittee, I am Aaron Langston, District Director for the Mississippi Golden Triangle Vocational-Technical District. On behalf of more than 180,000 vocational education students and vocational educators in Mississippi, I express appreciation for you and the members of the subcommittee for your past support of vocational education.

The federal government has provided incentive and much needed financial support in helping overcome the unemployment and integration problems and problems of the disadvantaged and handicapped. We in Mississippi solicit your continued interest and commitment to make our programs even stronger through improved laws of reauthorization and increased federal appropriations.

Mississippi has made economic progress in recent years, but we still have the lowest per capita income in the United States. The latest available statistics show Mississippi's per capita income increasing from $2,547 a year in 1970 to $6,178 in 1980, yet we are still 50th among the 50 states, far below the national per capita average of $8,773. Data from the Mississippi Research and Development Center show that 22 percent of the state's population lives below the poverty level as established by the federal government, which is double the national population percentage that lives below the poverty level. A combination of social and economic factors has kept Mississippi on the bottom. An economy historically dependent more on agriculture than industry and an underfunded education system both have been cited by state officials and business experts as factors that have prevented the state from keeping pace with the rest of the country.

In an attempt to work up the economic ladder, Mississippi adopted a policy in 1936 to "balance agriculture with industry", but due to the heavy dependence on federal funds, it wasn't until 1965 that the number of manufacturing jobs surpassed the number of agricultural jobs in the state.

Needless to say, the federal welfare dollar still far exceeds the federal investment into education, paticularly vocational education. On the other hand, the Vocational Education Act of 1973 and the subsequent amendments have made the difference in putting our vocational education program on an upward trend. Federal dollars provided the necessary incentive and, when utilized with the required state matching dollars, vocational education began to grow, along with our industrial economic base. Commitments were made around 1965 and long range plans formulated to build a vocational education delivery system. But there have been problems.

The state has not adequately provided the needed funds nor has federal vocational education been fully funded. Therefore, Mississippi is still only part way through a building, equipping and staff training effort. We now have many new job opportu-

nities brought in by industry, however thousands of young people are still without access to vocational training due to lack of facilities and modern equipment.

In 1978 and 1979, the Mississippi Legislature commissioned a management study of the Mississippi junior college system. Data from this study indicates that expanded job opportunities in Mississippi will continue rapidly for the next ten years. The study projects that there will be 466,000 job openings in Mississippi, adding 18,000 workers annually for a 2.1 percent annual growth rate.

The study reported that only 6 percent (26,800) of the new jobs will require a college degree and that 88 percent (412,000) will occur in occupations requiring vocational-technical training.

The study also reported that in 1979, expansion and replacement manpower needs were estimated to be 43,741 in occupational areas needing vocational-technical preparation. The projected supply of workers in 1979 from all public vocational-technical programs (junior colleges, high schools, and special job-training programs, such as CETA, job corp, etc.) was approximately 16,000. This indicates a considerable differential between training needs and the supply of workers from all types of vocational programs.

This of course, points out the need for continued expansion and growth of vocational-technical offerings in Mississippi. The state cannot provide adequate funding to meet this need; therefore, it is imperative that federal vocational education be reauthorized and fully funded. Experience has shown that the federal dollar invested in vocational education in Mississippi saves many future federal welfare dollars.

We have one main mission in vocational education in Mississippi; that is to provide our citizens with the skills and knowledge they need in order to obtain unsubsidized employment. To help insure that this occurs, the vocational programs are keyed to the needs of the work place. We have full backing and support of the Mississippi Manufacturing Association of which over 90 percent of the states industry are members. We are working closely with them to develop training programs for expansion and revitalization. Mississippi has several industries that are critical to the national defense. Several thousand unemployed adults have been custom-trained for Ingalls Shipyard, a division of Litton Industries, that not only build and overhaul nuclear submarines, but pioneered in developing and perfecting an automated process of constructing modern destroyers. Hughes Aircraft has just opened a factory in Mississippi to manufacture military equipment under contract with the U.S. Government. Vocational education custom trained the initial work force for Hughes under the industrial services startup program. My own school is heavily involved with operating industrial training programs for new and expanding industry and upgrading work forces of existing industry needing to modernize and update their equipment. There are from 20 to thirty-five of these programs in operation on any given day in the state.

Since 1975, approximately 200 industrial start-up programs were implemented. We have trained approximately 16,000 people for jobs with increased skill levels; however, the requests for programs far exceed our ability to deliver due to inadequate funding, both state and federal. Here is a partial list of companies that have been assisted with the program:

Company and location

Warehauser Corporation, Columbus Area.
FMC, Tupelo.
MP&L Grand Gulf, Port Gibson.
MP&L Clinton, Clinton.
Westinghouse, Gulfport.
Mason-Chamberlin, Picayune.
Lewis Grocery, Indianola.
Heil Company, Tishomingo.
Cives Steel Company, Rosedale.
Holley Carburetor Company, Water Valley.
DuPont Chemical Company, DeLisle.
Daniel Construction, Columbus.
Delta Wire Corporation, Clarksdale.
Phelps-Dodge Cable & Wire Company, Starkville.
Regina Company, Long Beach.
Brown & Root, Inc., Escatawpa.
St. Regis Paper Company, Monticello.
Irvin Industries, Greenwood.
TVA, Yellow Creek, Iuka.
Hughes Aircraft, Richland.
Chef Pierre, Inc., Forest.
Beloitt Manhatten, Inc., Columbus.

Milwaukee Tool, Olive Branch.
Barrentine Manufacturing Company, Greenwood.
Borg Warner Chemcial, Bay St. Louis.
Ferguson Machine Company, Greenwood.
Gould, Inc., Vicksburg.
Kimberly-Clark Corporation, Corinth.
Lockheed-Georiga Corporation, Meridan.
Mississippi Truck Association, Jackson.
Uncle Ben's Foods, Greenville.
Walker Manufacturing, Aberdeen.
Worchester Controls, Olive Branch.
Natchez Refinery, Natchez.
Duo Fast, Cleveland.
Ingalls Shipbuilding Corporation (Litton), Pascagoula.
B & W, West Point.

Industrialists in our state are requesting that we re-tool our vocational shops and laboratories to better prepare our students for the revolutionary advances in microelectronics and other technological advances. We know this must be done, however, Mississippi has not even completed the initial building and equipping. Therefore, if we are to keep pace with the rest of the industralized nations and compete in the international markets, we must make the necessary investments to properly train our people.

In 1978, in the Mississippi Mini-Plan for Vocational Education, we projected an anticipated enrollment of 208,667 by 1982. We cannot achieve this goal with the current level of funding.

Federal vocational education dollars are critical to Mississippi. The federal monies are being invested to build and equip new facilities, provide staff development, and provide maximum assistance to the disadvantaged and handicapped. A federal review team just recently completed a formal Management, Evaulation and Review (MERC/Q) of Mississippi. The found no serious violations, and were extremely complimentary of the Mississippi utilization of federal monies.

Mississippi people are confused about the federal priorities. They have witnessed hundreds of millions of federal dollars flowing to the state for a myriad of welfare and welfare-type programs. We see a multitude of agencies with large, expensive, administrative staffs actually competing to "serve" the same client over and over again. We wonder why the federal government chooses to spend so much on temporary stop-gap programs and so little on the established, working and creditable vocational education system. In some years, the CETA monies alone coming to Mississippi exceeded one hundred million dollars, yet vocational education has been receiving the same eight to ten million annually plus about four or five million that could be coaxed from the CETA Prime Sponsors.

We read of the proposed cuts for all federal programs, and regret that Mississippi is so highly dependent on the federal appropriations for vocational education, as well as the vocational education CETA set aside. Federal funds account for over 20 percent of the Mississippi annual operating budget counting only the $10½ million VEA funds and about $5 million from CETA that are administered through the state vocational education system. Inflation and slowed appropriations have already kept us from reaching our projected goal. We have 82 counties and only 66 high school centers. They are complimented by 28 post secondary centers and 20 CETA-funded vocational education centers. However, a high percentage of our youth drop out of high schools and junior high schools and never have the opportunity for job preparation. The proposed 20 percent reduction in federal appropriations would probably close at least one program in each of the 66 high school centers and possibly some post secondary programs. This reduction of programs could totally wipe out our industrial training program. Local citizens will demand that first priorities be placed on the in-school programs, especially in the high disavantaged areas. This equates to denying an additional two to three thousand children and adults the opportunity to train for the jobs that already exist in the state.

Since the industry of our state is equally dependent on the vocational education industrial services training program, I would like to yield the last few miniutes of my time to a representative of industry, Mr. Oscar Prioleau of Daniel International Corporation.

PREPARED STATEMENT OF OSCAR E. PRIOLEAU, TRAINING MANAGER, DANIEL INTERNATIONAL CORP.

I am Training Department Manager for Daniel International Corporation. We do major construction projects worldwide such as generating plants, pulp and paper

mills, and petroleum refineries. We deal in high technology and it is our policy to hire local people in as much as it is possible, to do the construction on our projects. Vocational training is essential for us to use the local people, for we do not usually have the lead time to move into an area and train our people. We do a great deal of training during the projects in cooperation with vocational education and we leave the people who constructed the project and installed equipment to maintain and operate the facility for the owner.

We are currently constructing a 760 million dollar Weyerhaeuser Pulp and Paper Mill in Columbus, Mississippi. We have employed many of the graduates of the Golden Triangle Vocational-Technical Center and the Center is working with us to train out of school adults and to upgrade local craftsmen who do not meet our standards. We will employ well over 2,000 people during the construction phase of that plant with almost all of them in training programs. The Vocational Center, in cooperation with us and the Mississippi Vocational-Technical Department's Industrial Services Division, is providing these local people the opportunity to compete for these higher paying jobs.

The same group is also cooperating with Weyerhaeuser to train their technicians during the construction phase to operate the mill once it is ready to go on line. These people are receiving training in pulp and paper, wood yard operation, electric power production and training to operate the Weyerhaeuser's Golden Triangle Railroad.

We do work in every state in the nation and we have a great interest in seeing the re-authorization of Vocational Education at the highest level of funding possible. They need additional funding for them to catch up and stay abreast of the fast changing technology. Schools cannot product high quality technicians without modern high quality equipment and instructors, and both take money. Poor states do not stand a chance without federal help.

On behalf of both vocational education and industry in Mississippi, we thank you, Mr. Chairman, for this opportunity to share with you our concern. We feel the key to the revitalization of the economy of the country lies with a cooperative effort and partnership between the federal government, vocational education and private enterprise. The beginning of providing the needed legislation to make this a reality rests with this committee. We will be glad to answer any questions you may have.

77-281 O - 81 - 5

Weyerhaeuser

COLUMBUS PULP & PAPER COMPLEX AT-A-GLANCE

OVERALL

- Total of 4 facilities planned for construction through the 1980s
- Site: 9,000-acre tract 16 miles south of Columbus in Lowndes County, MS
- Total full-time manufacturing employment when all facilities operational: approximately 850, with most employees to be drawn from local work force in Columbus, Lowndes County and surrounding area
- Total investment: $750 million plus, (largest single capital commitment in Weyerhaeuser Company's 81-year history)
- Total paper production planned: 1,600 tons per day
- Projected annual manufacturing payroll: $27 million
- Projected annual raw material requirement: 2.3 million tons of wood
- Peak construction employment: more than 2,000 workers
- Average annual construction payroll: $40 million
- Will utilize most advanced technology available to protect the environment
- General contractor: Daniel Construction Co., Greenville, SC
- Columbus Project Vice President: Keith L. Lamb

FACILITY I

- Now under construction; expected start-up: May, 1982
- Will produce 500 tons per day of lightweight-coated paper (for magazines, catalogs and other such printed materials)
- Will utilize thermomechanical pulping process
- Full-time production jobs: approximately 300

FACILITY II

- Kraft pulp mill
- Pulp drying machine with associated baling lines, warehousing and shipping facilities

FACILITY III

- Will produce 600 tons per day of uncoated freesheet paper (for tablets, business forms and other such materials)

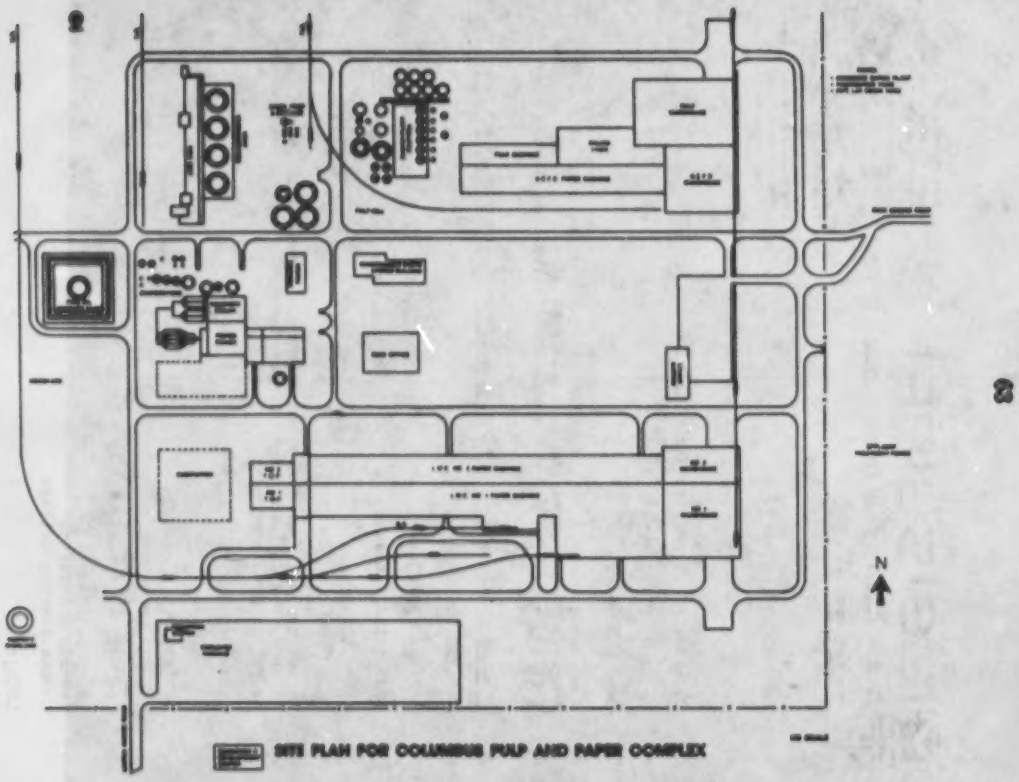
FACILITY IV

- Basically a duplicate of Facility I now under construction
- Will produce 500 tons per day of lightweight-coated paper, again for use in printing magazines, catalogs, circulars, etc.

WEYERHAEUSER IN MISSISSIPPI/ALABAMA

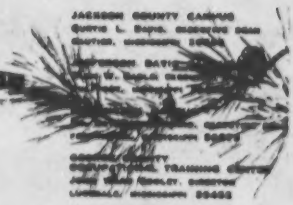
- Miss/Ala Region operations headquartered in Columbus, MS
- Owns/manages nearly 700,000 acres of forestland (60% in MS, 40% in AL)
- Approximately 1,800 employees
- 7 lumber mills, 4 plywood plants, contract treating operation, new treating plant, shortline railroad, forestry research station, nursery/seed orchard
- In business in Mississippi and Alabama for approximately 25 years
- Miss/Ala Region Vice President: J. Carl Jessup, Jr.

1/81



SITE PLAN FOR COLUMBUS PULP AND PAPER COMPLEX

MISSISSIPPI
GULF COAST JUNIOR COLLEGE
DR. J. J. RATCLIFF, JR., PRESIDENT
PERKINSTON, MISSISSIPPI 39573



February 27, 1981

Mr. Elwyn G. Wheat
Director of Vocational-Technical Education
State Department of Education
Jackson, Mississippi 39205

Dear Mr. Wheat:

I am aware that it is that time of year when we must sell our programs to our local and federal legislators. I would like to give you a review of our accomplishments for this fiscal year.

PROGRAM	COST FEDERAL & STATE	NUMBER OF STUDENTS
Inplant Welding	$ 62,082	1600
Inplant Apprentice	65,000	500
Continuing Education	12,096	460
Night Vocational	21,248	425

As you can see from the above figures the state and federal money spent at the Jackson County Campus for Adult Vocational training is put to good use.

Thank you for your support.

Sincerely,

Larry E. Crane

Larry E. Crane
Associate Director
Campus Evening College

LEC/jr

INGALLS Shipbuilding
Litton

P O Box 149 Pascagoula Mississippi 39567 601 938-1122

February 27, 1981

Mr. Elwyn G. Wheat, Director
Director of Vocational-Technical Education
State Department of Education
Jackson, Mississippi 39205

Dear Mr. Wheat:

I would like to take this opportunity to express my appreciation to you and your staff for the support given Ingalls Shipbuilding through Vocational Education.

In the realm of my job responsibility, and as a member of the State Advisory Council, I have the opportunity to see the positive results throughout the State that Vocational Education produces.

As you know Vocational Education is a vital part of our skilled work force. It enables Industry to obtain skilled personnel and to upgrade the skills of employees in new production methods and techniques. This fiscal year Ingalls has trained approximately 1600 Welders, 200 employees in our After Hour Program and currently have 500 Apprentices enrolled in training.

We are currently building surface vessels for the Navy, offshore drilling rigs and railroad cars. This means diversity within our labor force making it necessary for on-going-training to continue as well as new innovative approaches to Vocational Education in Mississippi.

Industry and the State of Mississippi have benefited through the efforts of the Vocational Education Department, with the results that have been exemplified in the past, we at Ingalls are looking forward to continued success through Vocational Education.

Again let me thank you and the Department for the dedication and service you have extended Industry throughout the State.

Sincerely,

C. M. Davenport
Manager
Hourly Employment and Training

STATEMENT OF OSCAR E. PRIOLEAU, TRAINING MANAGER, DANIEL INTERNATIONAL CORP.

Mr. PRIOLEAU. Mr. Chairman, I am Oscar E. Prioleau, training manager for the Daniel International Corp.

We are an international construction company specializing in the construction and maintenance of heavy industrial products, such as paper mills, chemical refineries, and power generating plants.

We require highly skilled personnel and it is our policy to hire local people inasmuch as possible for the construction of our projects.

Vocational training is essential for us to use locally, for we do not usually have the leadtime to move into an area and train our people. We do a great deal of upgrade training during the projects in cooperation with the local vocational education schools and relieve the people who construct the project and install the equipment with salable skills to maintain and operate the facility for the owner.

We are currently constructing a $760 million Weyerhaeuser Pulp & Paper Mill in Columbus, Miss. We have employed many of the graduates of the Golden Triangle Vocational-Technical Center and the center is working with us to train out of school adults and to upgrade local craftsmen who do not meet our standards. We will employ well over 2,000 people during the construction phase of that plant, with almost all of them in some type of training program. The vocational center, in cooperation with us and the Mississippi Vocational-Technical Department's Industrial Services Division is providing these local people the opportunity to compete for the higher paying jobs.

The same group is also cooperating with Weyerhaeuser to train their technicians during the construction phase to operate the mill once it is ready to go online. These people are receiving training in pulp and paper, woodyard operation, electric power production and training to operate the Weyerhaeuser's Golden Triangle Railroad.

We do work in practically every State in the Nation and we have a great interest in seeing the reauthorization of vocational education at the highest level of funding possible. They need additional funding for them to catch up and stay abreast of fast changing technology. Schools cannot produce high quality technicians without modern high quality equipment and instructors, and both take money. Poor States do not stand a chance without Federal help.

It has been noted by our company that investment dollars in vocational training is often repaid through taxes in as little as 6 months to 1 year.

On behalf of both vocational education and industry and Mississippi, we thank you, Mr. Chairman, for this opportunity to share with you our concern. We feel the key to the revitalization of the economy of the country lies with a cooperative effort and partnership between the Federal Government, vocational education, and private enterprise. The beginning of providing the needed legislation to make this a reality rests with this committee.

We will be glad to answer any questions you may have. Thank you.

Mr. HAWKINS. Have we overlooked any witnesses? It seems to me everyone has been called. Thank you.

Mr. Perkins.

Chairman PERKINS. Let me ask you a question. Do you feel that the States or the local communities are in a position to make up for this 20-percent cut or 25-percent cut in the event it goes through? I would like for you to go around the table, starting with you there, Mr. Multanen.

Mr. MULTANEN. I am Monty Multanen from the State of Oregon. Currently our legislature is in session and we have a very tight economy in the State at this time. The State is going to be very fortunate if they can maintain the basic school support for elementary-secondary which is supposed to be 40 percent, to maintain just their basic support of the community college, general support from State funds. There is no way at this time in the immediate future that there will be additional resources to make up that 28 percent.

Chairman PERKINS. Well, our problem in Kentucky right now, is that they have been cutting back on medicaid and other essential programs. People have been turned out of the nursing homes, the elderly down there, because of shortages of funds. They are running a great big deficit. The State and the legislature are not going to raise the taxes, so that is the dilemma that we are confronted with in Kentucky. I just wondered if other States are confronted with the same dilemma.

Mr. MULTANEN. Yes, we are.

Chairman PERKINS. Go ahead around the table.

Mr. SMITH. I am H. David Smith, also from the State of Oregon.

I think one other point should be made and that is the fact that in the wake of proposition 13 in California, the local districts, the property taxing districts, have come under tremendous strain in maintaining existing programs and that does not allow then for those programs to move ahead into the new jobs area. They are in a maintenance position; yet we are in a position where industry needs new technology, new training programs, and there is a reluctance among the local agencies to take on that responsibility. That is where these Federal dollars become extremely important, in my estimation.

Chairman PERKINS. Go ahead, identify yourself.

Mr. LANGSTON. Mr. Chairman, I am Aaron Langston from Mississippi.

The State of Mississippi has continuously upped the appropriation for vocational education on a small margin each year. We are at the point now where Federal dollars are less than 25 percent of our appropriation. Again, we are the poorest State in the Nation. We are trying not to raise taxes and put a burden on the people of the State any more than we can help.

I feel sure that we are in the same situation that most everybody else is in, that we will not receive the additional funding if we receive a 20-percent cut here.

Our legislature is in session at the present time and we are just hoping that our appropriation bill gets on the calendar before the deadline tomorrow for vocational education.

I feel like we are in the same boat that everybody else is in. Without the Federal dollars, we will have to cut essential programs.

Dr. CRONIN. Mr. Chairman, I am David Cronin from Massachusetts.

Following the State of California, the Massachusetts voters at the last election passed by referendum a proposition 2½ which essentially requires every local community to reduce the amount of taxes to no greater than 2½ percent on an annual basis of equalized valuation. That affects, I am led to believe, about 60 communities in the Commonwealth of Massachusetts. It affects all the urban areas of the Commonwealth.

I have illustrated to you at the present time about 6 percent of the total expenditures of Massachusetts are from Federal sources; however, that 6 percent pays for 100 percent of a number of activities to then permit a State reimbursement system to sustain those programs over time, so that I think it is faulty reasoning if one reduces that while the Federal Government is only paying 6 percent. They can remove that 6 percent and have no impact whatsoever.

I will be glad to clarify that for any members of the committee.

Mr. HAWKINS. Would each of the witnesses identify himself for the reporter.

Mr. COOPER. I am Warren Cooper from West Virginia, Mr. Chairman.

Governor Rockefeller has introduced legislation to the now sitting legislature to raise taxes some $200 million on business to fund the now defunct unemployment compensation fund. He has also introduced legislation to increase sales tax to 5 percent, which raises some $50 million, and also increase the tax on cigarettes by 5 cents a pack.

At the same time, the State is running very short of funds. They have laid off, 3 weeks ago, 120 people out of the road and highway department. There are another 500 people laid off this week. I do not see any possibility of any funds coming down the pike for vocational education; but I will let the secretary, the assistant superintendent of schools talk about that.

Mr. BURDETTE. I am Clarence Burdette from West Virginia.

Yesterday I met with our Senate Finance Committee. I can say that I see no possibility that the States could pick up any Federal decrease in funding. I am hopeful that we will be able to maintain our effort in West Virginia in the face of some very difficult times, but I am sure that no increase could be sponsored at this time.

STATEMENT OF ALLEN WHEAT, STATE DIRECTOR OF VOCATIONAL EDUCATION, MISSISSIPPI

Mr. WHEAT. Mr. Chairman, I am Allen Wheat, State director of vocational education in Mississippi.

Mississippi, I hate to belabor this 50th poorest in the Nation thing, but we are locked in a struggle with the State of Maine to retain our lowest status in the Nation. Sometimes I think we work at that.

Mississippi has reached the point where the Federal Government, now, 3 years ago the State legislature has funded only those increases in vocational education that we could take Federal dollars and use as seed money to build a building, help us with equipment and this type of thing. The State has come along and

picked up the staffing and other services that go along with that; so we have successfully maintained our momentum in the State of Mississippi, because the Federal Government consistently puts out its share of vocational programs. Again, even in Mississippi, we are overmatching the Federal share 8-to-1.

We see in Mississippi an investment. We are investing our money as best we can get. As much as West Virginia is laying off highway workers, our State is laying off health department workers, highway workers and others. We are still importing, even, foreign skilled labor, looking at the greatest unskilled labor pool in the Nation. They are even importing skilled labor from Ireland and the Philippines. So we desperately need the continued Federal support for vocational education, and there is no doubt that the State of Mississippi cannot pick up the 20-percent cut in the Federal funds. We cannot.

Mr. HAWKINS. Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

I have two observations, and then one question for the private sector and one question for the public sector.

First of all, my first observation would be that I understand there was a——

Chairman PERKINS. If the gentleman will yield for just a second, I would like to welcome a lady here this morning, Mr. Goodling, from your side. We are delighted to have her here.

Mr. GOODLING. A very positive addition to our subcommittee, Mrs. Roukema, and we are very happy to have her. She is a new Member of the Congress. I am sure you will hear a lot from her and, hopefully, she will be here a long time.

Mrs. ROUKEMA. Thank you.

Mr. GOODLING. My first observation is that, as I understand it, on the first Tuesday in November we had a proposition 13 on the ballot, and it passed overwhelmingly. I just want to pass that along. You realize, of course, it is not only a State issue at the present time. As I understand it, there was one on the ballot on the first Tuesday in November that wasn't printed but it was apparently there.

My second observation would be that, you thought you were getting more dollars since 1967, but actually you probably have gone down about 20 percent in real dollars, and inflation has something to do with that and there has to be some way to get at that.

Having given the administration sermon now, I have two questions, one for the private sector, and one for the public sector.

For the private sector, in the testimony we have heard, industrialists insist time and time again that we must retool and they must have money to retrain their staffs and money to update their equipment.

Now, I contend that there is no way any local government, State government or Federal Government can ever do that kind of thing any longer because it changes so rapidly.

My question to you is: How about some kind of tax incentive program so that we get all the areas working very closely together, where the private sector is helping to do a lot of this retraining, because they have the ability to do that, the on-the-job type of

training, and they also have the equipment, because it changes so rapidly. Now, I realize that in some areas they are doing this, they work well together, and in other areas there is no cooperation. I know there are many vocational education schools that are still back in the dark ages, and the dark ages may mean that they changed the equipment just 5 or 6 years ago.

I would like the private sector to respond to that possibility.

Dr. HOWELL. I am Jim Howell, with the First National Bank of Boston, and I would be happy to take the first swing at the tree on that.

I think that you are absolutely right, and to this end the tax accelerated depreciation and increasing investment tax credit that the Congress has been looking at and variations of the Joint Economic Committee, the 1053, and so forth, are to replenish cash flow in the business community and to have the business community shoulder the full responsibility of updating the equipment side of the equation. And I think that is going to take place in a very orderly fashion, and we believe that in our bank, that those proposals that the Reagan administration has made are right on target. And the business community is quite willing to do some of the labor training. I think traditionally, though, much of the labor training has been in the public sector, and a lot of it is where it belongs.

Mr. GOODLING. I am sorry, I didn't mean the labor training. I mean those who are training the labor force in the vo-ed schools. In other words, we have a serious problem because an awful lot of those teachers, many of whom came from the private sector in the first place, are now 5 to 6 years out of touch, and we have heard a lot in all of the testimony about retraining of the teachers.

I think they have a resonsibility in vo-ed schools. But helping to train the teachers and counsellors, and so on, in the private sector, where you are making these changes, possibly, is what I was referring to.

Dr. CRONIN. Do you want, Mr. Congressman, to handle all of the private sector first, before you deal with the public, or do you want——

Mr. GOODLING. Well, it really doesn't matter. One was specifically dealing with the private sector.

Dr. CRONIN. Let me explain that, at least, from the perspective of Massachusetts. We have a State requirement that any teacher in the vocational area has to go back into the private sector for at least 8 weeks of full-time paid employment every other year to maintain that teacher approval requirement, and its prime design is to maintain currency of skills.

Mr. GOODLING. I compliment you for that. I didn't know there was much of that going on.

Dr. CRONIN. With respect to the application of the private sector to assume what has traditionally been a quasi-public responsibility, I think one has to address the areas primarily that where the work force currently exists is where, for the most part, emerging industries are not operational. I don't know whether it is a cause-effect relationship or whether that will change over a time. But emerging industries are not located in the urban cores of this Nation, for a number of reasons; therefore, I don't think it is feasible, at least in

this point in time, to rely heavily upon the private sector to assume what has been exclusively a public responsibility, but I think a working partnership between the two is a viable alternative, and we have that in the State of Massachusetts.

Mr. GOODLING. I was specifically referring to what you are apparently doing when you say they must go back into the private sector for 8 weeks every 2 years for the retraining that they really need.

Mr. COOPER. We have no such requirement to force the teachers back into the workplace, but through our advisory council we do cooperate. We in our works have machinists, electronic repairmen, motor repairmen, who are on the advisory council of the high school. They are over there every week. They talk to the students, they work with the students, you know, on a part-time situation when they are not on shift, and, although I am not in the works regularly anymore I know, from past experience of walking through our machine shop every morning, that these men are giving of their time, they are devoted and they are sincere and they are really cooperating to help build those children. So we have, really, an ongoing situation.

Mr. GOODLING. And I, of course, was referring to a tax incentive to really encourage industry into doing the two things I specifically talked about, help with the retraining of the teacher and help with the updating of equipment.

Mr. BURDETTE. I will react to your question and say that I would be very favorable toward a tax incentive to industry for cooperation in the retraining and upgrading of teachers. That would be a very strong assistance, in my opinion, to the education sector, vocational-education sector, in keeping an up-to-date staff.

Mr. GOODLING. And the one question I have for the public sector: Again, we have heard the word "flexibility," I think in almost every hearing we have had since we started these hearings. For instance, one of the gentlemen testifying had at the end of his statement that we need flexibility, perhaps block grant. I knew that was not what he meant at all, being a vocational education person, he did not want that to happen. So I said, "Are you sure that you mean that? Or do you want some kind of categorical program continue for vocational education with a block grant flexibility?" And he said yes, he guessed that is what he means.

Could you, specifically, in brief, tell me what it is you are talking about when you talk about flexibility? I have heard it this morning, as well as in every hearing we have had, "We need more flexibility in relationship to our participation in the Federal government's participation in vocational education."

Mr. BURDETTE. We have some difficulty with the present legislation, in that it is very specific and very direct in many aspects, in an effort, I think, to solve what was perceived as some problems around the nation at the time it was enacted.

I have to say that those problems are not the same in every State or all around the Nation. We have a little problem in West Virginia in the area of bilingual education. I am sure that Texas and Florida and other areas have some problems.

We find ourselves bound so tightly with some of the regulations which we are told are based upon the law, that sometimes we are unable to respond as we should with the Federal dollars. A case in

point, specifically, is the requirements that we find placed upon us for formula distribution of dollars. The need is not the same all around the State. In some cases we need to react immediately and strongly with dollars in a locale to meet a need, as I have indicated in my testimony, for training for a new industry and expanding or a homegrown industry, to meet a need of suddenly finding 800 workers unemployed, and yet we are required to send our dollars out in the formula. That does not speak to those needs directly. We need, in my opinion, to see legislation in the future which will establish goals and directions which will require the State to present a plan for approaching those goals and for impacting upon those things. But we can't afford, I don't believe—I think it is wasteful to try to run and operate a program out of Washington or to try to make very fine-tuned regulations that apparently must apply to all States. It simply cannot apply to all States.

Mr. GOODLING. That is the problem with Federal aid.

Mr. BURDETTE. I feel quite strongly in this area.

Mr. GOODLING. Dr. Cronin.

Dr. CRONIN. I would like to reiterate some of the concerns expressed by my colleague from West Virginia. I think most of our problems are administratively in dealing with the Federal Government rather than legislatively. I think that we all support the goals as delineated in that piece of legislation. I would have concerns, however, that we treat or attempt to presume that the problems are similar across this great Nation in territory, when they are not even consistent within a State, amongst, even, and between school districts.

Mr. GOODLING. So you are basically saying that the problem is in the regulations, not in the legislation.

Dr. CRONIN. For the most part. I was, prior to the requirement to spend *x* number of dollars on sex equity personnel already expending about $600,000 of State money on a unit, and I had to expend another $50 when that wasn't, at least, our priority, because we addressed the issue before it became part and parcel of the legislation. So I think a number of the bugs can be worked out through well-intentioned people.

Just a month ago I received a piece of correspondence from the U.S. Office of Education, saying, "Here is some further clarification on the formula." Well, 4 years after the legislation was passed, if somebody continues to have to clarify it, there is some degree of amibiguity in the interpretation, at least from the administrative level, with respect to the intent of the Congress.

Mr. GOODLING. Four years later.

Mr. BURDETTE. I just want to say, quickly, that 4 years later, in the middle of the year, we are told that we have to change the formula.

Mr. WHEAT. We have a large population, a segment of our population, that is classified as disadvantaged. This is both black and white. Extremely rural areas, extremely poor, where even a minimum wage industry is an occasion for celebration, the location of a minimum wage staff operation there. We have problems with the excess cost administrative interpretation on our set-aside moneys. With the application of this excess cost, Mississippi lost 168 special programs designed to help those rural communities and the disad-

vantaged population within those communities. With the application of that excess factor, we lost that amount, that number of programs. We feel that, with some flexibility in our ability to help our target population, we can retain our people in Mississippi. We don't like to export our people to New York and Chicago any more than sometimes they like to see them come. We want to be able to train them, retain them. They are our natural resource. With this flexibility, we can do it.

Thank you.

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. Kildee.

Mr. KILDEE. Thank you, Mr. Chairman.

I have just one observation, if I may. Today is the 48th anniversary of the beginning of the New Deal.

At the time of the New Deal's beginning, the Federal Government thought it had a role in training our young people, and since that time we have constantly scrutinized that role. I know you have, with your bill last year, kept it under constant scrutiny to see how we can best deliver on our role, the Federal role, in training our people. That scrutiny continues even to this day under Mr. Stockman. He scrutinized its funding into a 20-percent cut which I think all of us have to look at.

I read in the Washington Post last night something that I consider a rather ominous statement by Mr. Reagan saying that to question any part of his cuts, is to be irresponsible because that may be putting down his whole economic program. I like to talk to people like yourselves who recognize the role of vocational education. All of us are caught up in the important task of trying to stabilize our dollar, and in so doing, sometimes we are afraid to criticize a specific cut in the total program. I think that those of you who are really knowledgeable about the role of vocational education know that we have to communicate with the Congress and with the White House about these proposed cuts.

I think the Federal Government has had a long commitment to vocational education, and I object, to the proposed 20-percent cut of the administration.

That's all, Mr. Chairman.

Mr. HAWKINS. Thank you, Mr. Kildee.

Mrs. Roukema.

Mrs. ROUKEMA. Thank you.

Perhaps, because I have been so tardy today, I might be out of order to make some of the observations that have already been covered and responded to by you. If so, please excuse me.

I want to indicate to you that the reason for my being late this morning was that the freshman Republican class had a breakfast at the White House today with not only the President, but a number of members of the Cabinet and Mr. Stockman. And during that breakfast there was a reiteration of the need for economic recovery as it pertains not only to the problem of job creation and monetary policy, but to the very essential component that evidently Congressman Kildee is objecting to, and that is the imperative for reductions in annual budget expenditures.

I am not here to go on record as necessarily favoring the full 20 percent. But I have got to say that, on the basis of the few remarks

I have heard and on what I believe is a basic conviction of economists and the public at large, that we do need determined fiscal restraint over a long period of time, and that we on the Education and Labor Committee have got to interpret that most judiciously in the way that we cut or reorganize ourselves with respect to the programs we are for and their budget requirements.

Now, that having been said, I must observe, and I would like to hear your reaction, we seem to have reached an impasse. We have the executive and a good proportion of the Congress determined that, since there is no revenue to share or we are running unbelievable deficits, that that has to be under control, and that one way to do that is not only to reduce expenditures across the board, but also to reorganize our Federal priorities and reassign more responsibility to the State level in specific areas. One specific area, as you well know, is the area of education with which, I must say, as a former teacher and school board member, I am in great accord, very great accord. I want to see more responsibility, including funding responsibility, shifted back to the States in the area of education.

Now, where is the impasse? I have heard at least three or four members of the panel say this morning that your States cannot or will not increase taxes, specifically for education, specifically for vocational education. And I think you know you are facing a tough time before Congress if you are looking for reauthorization at the current level.

Now, how do we address that impasse?

Dr. HOWELL. Mr. Chairman, could I try to answer part of that?

I am Jim Howell, with the First National Bank of Boston, and as a fellow northerner, ma'am, I would like to address that.

I share your views, and our bank, and indeed Congressman Kemp and OMB Director Stockman said, and I quote, that "Fiscal control cannot be conducted as an accounting exercise or exclusively through legislative spending cuts in an orthodox sense. Only a comprehensive economic package that spurs output and employment growth and lowers inflation expectations and interest rates has any hope of stopping the present hemorrhage."

I share that with you entirely. I simply say that in the north today the balance holds the key. And this was the essence of my remarks, I believe, perhaps before you came in, that there is going to be an acceleration of capital formation in the North. It will be very rapid both in the business sector, on the private side, through depreciation allowances, and so on. It will also benefit the North in defense procurement as significant defense industries are there in hardware.

Right now we have no surge capacity to respond on the labor market side. And I guess we have all been proselytized and baptized, all of us, and you and I, to be supply side economists, and what we are arguing for is that there has got to be that human capital attention on the supply side to bring into an orderly fashion the growth that we so justly deserve in the North.

Mr. SMITH. Congresswoman, I would like to respond. I am H. David Smith, with the Northside Lumber Co. I represent the State of Oregon.

I would like to make two comments with respect to the budgetary aspect. Congressman Goodling referred to the potential of tax incentives. Those are off-budget appropriations, in my mind.

I do believe that if we adopt that kind of an approach to training our work force, we run the risk of, one, increasing the total expenditure and losing the coordination that we now have through State programs that are federally funded. And that would be because so many of the small and emerging businesses are small businesses. Those tax incentives to a small business are not going to be sufficient to let them coordinate their activities with the local education agencies.

So what you will end up with is, you will end up meeting the needs of the large employers, but not meeting the needs of the small businesses, which are where the emerging employment opportunities are normally at. And this concerns me.

I also believe that in the recovery of the economic process that we have to make new job opportunities. Just merely cutting the Federal budget is not going to guarantee that us and business are going to be able to sell our products or that we are going to be able to keep our costs under control. That only makes available dollars that are now being funneled into funding the Federal Government. And by borrowing those dollars at cheaper rates we may be able to develop these employing units.

Mr. GOODLING. Will the Congresswoman yield so that I may respond to one thing?

Mrs. ROUKEMA. Yes.

Mr. GOODLING. Specifically, in the tax incentive, which would be equally as good for small business, I was referring to a similar thing as Dr. Cronin said, the kind of 8 weeks training out in the private sector that they must get in order to continue teaching. This could happen with the small business as well as with big business, because if it is a situation where they must bring in a substitute for that particular time, someone must help with that. Or, if it means that someone must give up his job. Thirdly, if it means that some employer must take them, and they may not need them, to get that kind of training, the tax incentive there might encourage them to do that type of thing. I am not talking about the training that you would get at the college or university, or that sort of thing. I am talking specifically about the retraining that Dr. Cronin was talking about. This is an outstanding way of doing it. However, if you cannot get that employment, I dont know what you would do in that case, if you have to replace that teacher while they are getting that employment, which becomes an expense. I think that probably you need encouragement to get the employer to help with that type of retraining. That is what I am talking about, not to take the place of the training institutions to train them in the long run, but it is the short retraining periods that I think we need more assistance in some areas.

Mr. SMITH. I thought you had equipment in that category, too.

Mr. GOODLING. In regard to equipment, I said that there may be some way to get some of that involved, because I think if a school, for instance, had to keep buying new equipment, particularly as rapidly as things are changing now, it may be very, very difficult. There also might be incentives to use that industry's equipment

which is really not that old, and would possibly be a tremendous update of the equipment that the school has. That is what I meant.

Mr. SMITH. That was the fragmentation I was worried about.

Mrs. ROUKEMA. I would like to hear someone at the State level discuss the tax question.

Mr. WHEAT. Mr. Chairman, may I respond to that?

Mr. HAWKINS. Yes.

Mr. WHEAT. Mississippi has one of the highest per capita tax structures in the Nation. We have fallen this year. But up until last year, we were 18th in the Nation in expenditures on vocational education, due to the effort. There has been hardly any reduction in taxes in the State of Mississippi. But due to the reductions in our ability to furnish vocational education, we have fallen to 35th. But we are still 35th. We are 50th in per capita income and 35th in expenditures for vocational education. Even with doubling the taxes in many of our counties on assessed valuation, there is no way that that increased money could pay for a vocational program.

There is such little there to increase the taxes on. We are talking about miles and acres of farmlands and miles and acres of timberland, much of it in Federal forest reserves and military reservations and this type of thing. So many of these States, as opposed to having proposition 13, have simply reached their capacity to tax. This is the case of Mississippi. It has not given up the fact of financing vocational education. The fact is, this year, on a $38 million budget, we are given an additional $3 million out of the State moneys.

Every penny of this will go for either—we have four new centers. Other than that fund, all of it will go for personnel pay increases. This is a struggle on the State's part just to maintain the programs we have got with the personnel increases, not even considering the question of increased quality of equipment and this type of thing. Thank you.

Dr. CRONIN. Mr. Chairman, David Cronin from Massachusetts. If I may respond, I think the manner in which public education is financed in this Nation varies greatly among and between the States. I think that we have to address the issue with respect to who has a responsibility for the training and retraining of adult level populations who are behind let us say the high school attending age, that is rightly so a State responsibility, but I believe that the migration amongst and between the States puts a tacit responsibility on the Federal Government to share in this, because hopefully we exist as a Nation, rather than 50 discrete units. If you happen to reside in an affluent community, you will have your needs met. But if you happen to be less fortunate and reside in a community which has tremendous municipal overburdens, as most of the cities of this Nation have, I think you are going to receive less than what I would consider to be equality.

I look upon it as a partnership, not that that partnership should be distributed equally among local, State and Federal Government, but I believe the Federal Government reaps great benefits from its investment in vocational education.

Mr. BURDETTE. Mr. Chairman, Clarence Burdette, West Virginia.

I believe strongly that we must take action to get this problem of inflation under control. I believe equally as strongly that vocational education represents a very important part of the solution.

I think that the training of workers for our industry will allow increased productivty, which will help with a problem.

The only answer is not cutting the budget. I think the answer is increasing productivity of this Nation and vocational education is a very important part of the solution to that problem.

Mrs. ROUKEMA. Cutting the budget is not the only requirement, but it is one essential component. How you reorder the priorities and rearrange the relationships between the Federal and State Governments is going to be a large task that has to be undertaken by Congress. The renewal of the Vocational Education Act comes at that juncture in time, so it is an aspect of the larger question that we ultimately must ask.

I thank you for your comments.

Mr. HAWKINS. Thank you. Mr. Williams.

Mr. WILLIAMS. Mr. Chairman, unlike the gentlewoman from New Jersey, I am neither Republican nor a freshman. I congratulate her for being both; but like the gentlewoman, I, too, was late for this hearing. Like her, I, too, was at a breakfast at the white house, my white house, having an overly lengthy breakfast with my wife.

Let me tell you, my wife is genuinely furious. Because she is a former teacher and because she and I enjoy our three children who are in school now, she is genuinely furious that this Nation is considering the abandonment of its long commitment to education. She reminded me this morning in our white house breakfast that the importance of education was present at the birth of democracy in ancient Athens, in the persons of Socrates, Plato, and Aristotle; and that it was present again at the birth of our republic in the person of Thomas Jefferson, her particular hero.

She understands that excellence in education is costly; but she and I know as others have stated before us that war is not won on the missile launching pads. It is won in the little school huts with thatched roofs in the back jungles of Brazil.

Crime is neither cured nor prevented in prisons. It is prevented in Headstart and in the first and the second and the third grades and in junior high school.

She understands that employment will not be reduced by what happens down at OMB. It will be reduced because this Nation will maintain and expand its long commitment to preparing people for jobs.

Now, I invite the Republican freshmen, and David Stockman, to come to my house for breakfast.

Mrs. ROUKEMA. Excuse me, sir. May I ask you to yield?

Mr. WILLIAMS. I yield.

Mrs. ROUKEMA. I think we have initiated a colloquy that may last for some months, at least weeks.

Mr. HAWKINS. We are under the 5 minute rule.

Mrs. ROUKEMA. I would like very much to meet the Congressman's wife and discuss with her, aside from ideological purity, the specifics and the facts of and the historical experience of the unfortunate degradation of our educational system, as indicated by every objective standard of measurement. This has been in direct rela-

tionship to the moneys that have been invested, unfortunately, and those moneys and those programs were devised with the most beneficent intentions, but it may have been a misplaced beneficience. We do not know, but we are now faced with the results of years of intense efforts, at the Federal, the State and the local level, with great infusions of funds for personnel, only to find that our public education system has failed millions of young people and adults.

I, too, consider Thomas Jefferson my hero and I, too, love the Constitution. The Constitution, I might remind you, placed the responsibility for education at the local level.

So I think our goals, sir, are the same. The question is, are we going to look at the reality of a historical experience of the last 20 years and address how to improve educational quality.

Mr. WILLIAMS. I thank the gentlewoman and reclaim my time.

Trying to stay within the 5-minute rule, I guess I would just say that we may have a basic disagreement, both about how Federal education began, what good it has done and whether or not education in this country really continues to work and in many ways improve.

Several of the members of the panel described for us the necessity of an expansion of vocational technical prepartion. At least one member of the panel, Mr. Langston, echoed what others have said when he said, and I quote: "Our State cannot provide adequate funding to meet this need."

Well, these are interesting times. We are at a genuine historic crossroads, because we are being told from the highest places that this Nation at the Federal level can not provide increased or even same level of funding to meet this need.

I think it is historic and perhaps, for whatever reasons, a somewhat tragic abutment that you and all of us are up against.

Mr. Langston, I note in your prepared and submitted testimony a list, which makes me from Montana rather envious, of those industries who have provided some assistance to you, and they range from Dupont to Uncle Ben. I am just wondering, inasmuch as somehow, for whatever reason, the public may no longer provide adequate funding for vocational education, would it be wise, Mr. Langston, for us simply to turn to industry, from Dupont to Uncle Ben, and say: "You provide the new equipment. You provide the dollars for training the teachers."

Mr. LANGSTON. I am Aaron Langston from Mississippi.

I do not think that that is a feasible alternative, in that industry pays taxes, too. The only real problem I see with the industry in our State is the fact that we do have a tax incentive for those industries to come to our State. Every State in the Nation has blue skies now and clear water and people as a resource; so our State has used the tax-incentive program to get these industries into our States.

They did just 3 or 4 years ago pass a bill that would not exempt the industry from the school tax. Those taxes go to serve the elementary and secondary schools in our State and is not there for the benefit of vocational technical education.

I am not sure that with our present striving to get enough industry to employ our people who have been displaced off the

farms that we could go to these industries and ask them to do much more than they are currently doing and still be in competition with the rest of the Nation for these industries. We have some fine industries. These industries do provide us a certain amount of equipment. In fact, I have equipment in my facility right now that belongs to at least three industries in our area. These are modern pieces of equipment that they have loaned us to do training in some instances for them and also for their competitors.

One of the industries in our area has built a facility and has bought a piece of training equipment, a simulator that cost in excess of one-quarter of a million dollars. They have provided that for us to train for them and help the pulp and paper industry throughout the State, as well as the petrochemical industries.

The only thing we have to furnish is the software. If we had to buy the equipment, there would have been no way for us to have bought the one-quarter of a million dollar simulator that that industry bought and made available to us and for other industries in the State of Mississippi; so we are doing that but not to the extent that they can pick up Mississippi's share of vocational education costs.

Mr. WILLIAMS. Mr. Chairman, in conclusion, it occurs to me that it is appropriate for industry in their generosity to occasionally provide schools with new equipment or grants of one sort or another and I think industry has played an appropriate role in the past few years.

It is an entirely different matter, however, for industry to assume a role which I find creeping into consideration, a creeping into the new methods by which we fund vocational education.

Should we really turn to industry and business to directly fund? That is, of course, a complete violation of the public concept. We tax in appropriate manners, which is always a great dilemma, but we tax and then we take that money and share it through the public systems and we let the public decide where that money shall go, not Dupont, not Uncle Ben, but the public. A 20- to 25-percent cut of the Federal share, means that you are going to have to turn to industry for your money. I see that as an enormous and new danger for public education in this country.

Dr. CRONIN. The concern that I have with respect to what might be that alternative, is that if I happen to be a child who lives in a certain mill town, my ultimate growth and development is something to be determined by what that mill owner is willing to do for me, rather than if you have a son who happens to live in an area where there are merging and progressive industries that have careers like that within them. If you want to see people being exploited for the well-being of a very small private sector, I think if one were to rely exclusively on the private sector to prepare people for employment, I think it is self-defeating.

Mr. HAWKINS. Mr. Kildee.

Mr. KILDEE. Mr. Chairman, in response to the gentlewoman from New Jersey, if I may have just a moment before she leaves, we are all trying to achieve the same thing. I think all you people recognize that. This committee works together very well, but we do have constant colloquys.

You did indicate that you feel there is some deterioration in education in this country. It has been alleged, however, that our defense establishment has also deteriorated but it has not been suggested that the defense budget be cut.

Now, we are told that education has deteriorated and the way to solve that is to bankrupt it, to cut its budget. I just do not follow that logic.

Mr. HAWKINS. Did you expect a response, Mr. Kildee?

Mr. KILDEE. I do not think there is a response.

Mr. HAWKINS. The Chair would just simply like to make a statement for the record, a very brief one.

I, for one, am opposed to the idea of budget cutting as an economic plan. If we focused on budget cutting, then I think the statements of all the witnesses would be fruitless this morning, because vocational education would also be cut.

The Chair can see the Federal budget is a method where we spend our tax dollars, not how we cut expenditures, because there would be nothing left if we did not spend.

I think that a good case has been made this morning as to why vocational education should not be cut, but I think equally a good case could be made for perhaps 80 percent of the other items that are going to be cut in the Federal budget.

I think it is a very sad day when we approach the solution of problems in this manner without being able to justify that the budget cutting is going to help relieve inflation, that they will balance the budget or that they will do any good whatsoever.

Just merely with that statement, the Chair would like to compliment the witnesses for their very excellent statements this morning and for their cooperation.

The committee will reconvene at 9:30 tomorrow morning. The hearing today is adjourned.

[Whereupon, at 11:35 a.m., the subcommittee recessed, to reconvene at 9:30 a.m., Thursday, March 5, 1981.]

[Material submitted for the record follows:]

PREPARED STATEMENT BY WILMA LUDWIG, STATE DIRECTOR, VOCATIONAL EDUCATION, NEW MEXICO

Vocational Education is that system of education which takes persons' individual aptitudes, interests, and abilities and develops them into employable job skills, knowledges, and abilities. Through interaction with agriculture, business, and industry, Vocational Education graduates persons who meet specific job needs.

Is this educational system working? New Mexico says, "Yes." Records show that 96 percent of Vocational Education graduates are employed; and employers say these graduates perform at levels above average.

Why has the Vocational Education system been successful? Because it has a single purpose, is responsive to what business and industry want, and is accountable.

Before a specific program is developed by this system, the purpose is established by defining the job or job area based on a community or state needs assessment. A task analysis is then completed which specifies the competencies required, as well as the level and degree of acceptable performance. In addition, a search is made to find an instructor who is a skilled craftsperson or professional in the field; and, finally, equipment is selected which is equivalent to that used in industry.

Vocational Education responds to the community or state need as outlined above by then taking individual student abilities and matching them to job requirements. If a student lacks basic educational skills, proficiency in English, economic ability, physical ability, or social confidence, that student receives, to the extent financially possible, additional educational services to enable him to achieve at his highest level.

The final component of any specific program, accountability, is achieved through student profile analyses of enrollment and placement, plus a survey of employers to determine whether or not they are satisfied with the job preparation of new employees.

Federal recognition of Vocational Education has contributed significantly to this system. It has suggested, encouraged, and required various components.

Now, the system is up and running. Public interest in Vocational Education is high. Occupations requiring Vocational-Technical preparation make up 80 percent of the available jobs. Education, business, and industry are communicating and cooperating. The time is fast approaching when the investment of federal dollars will reap the dividends of a lower unemployment rate, economic revitalization, industrial development, higher productivity, decreased welfare roles, and a well-educated work force. Vocational Education, then, should be the last educational program to be cut. Let me explain why.

Murray Weidenbaum, Chairman of the Council of Economic Advisors, recently stated on nationwide television, "We are going to create new jobs." To do so would be excellent, but someone needs to be concerned with the question of where to obtain trained workers for those jobs. One would assume that a system already in place could best meet that training need; however, the continuing decline of federal investment in Vocational Education and the threat of increased cuts indicate a governmental policy that is at best shortsighted.

Graduates of Vocational Education programs have a significant positive impact on the economy. It is true that the cost of educating one Vocational student averages $1,950 per year; however, average annual earnings for that same graduate are approximately $9,000. In New Mexico, the 1978-79 graduates alone created an annual payroll of $37 million. Should these same persons have been unemployed, there would not only have been a reduced income to the state and federal governments in terms of taxes and social security, but those same governments would have sustained significant additional financial losses through unemployment compensation and other welfare programs.

In New Mexico, 700 Vocational programs are offered at the secondary level; and 265 are offered at 13 two-year or post-secondary institutions. Together, these programs service more than 53,000 students, approximately 12,000 of whom are in post-secondary institutions. The average age of the Vocational post-secondary student is 28. That student is married and has three children. Roughly 33 percent of them come from families with annual incomes often less than, or certainly not more than, $6,000—the poverty level. However, not only is the income of those families increased significantly when the Vocational Education student graduates and is subsequently employed; but, there is also at least one less individual per family requiring a subsistence program.

For these same reasons and because, especially in our multicultural society, Vocational Education programs help people realize a sense of self-worth, Vocational Education is popular. Since 1970, programs increased by 40 percent; student enrollment in Vocational Education at the secondary level increased from 26 percent to 43 percent. The State of New Mexico now spends approximately 69 cents of every tax dollar for education, and 34 cents of that on Vocational Education at the secondary level.

The state assures funding at the secondary level to meet Vocational Educational standards established by the State Board of Education. At the post-secondary level, the state continues to fund programs by formula. A significant percentage of available federal Vocational dollars are utilized as risk capital to pay start-up costs over a three-year period for new programs. Those now in a second or third year which require continued federal funding include laser technology and petroleum technology, the latter being one of only two such training programs in the United States. Once these programs are proven to be successful, the state will once again pick up the costs to continue them. This dollar commitment, we feel, proves our belief in Vocational Education and in our philosophy that teaching a man to fish has greater worth than giving him a fish.

The number of academically-disadvantaged and physically- or mentally-handicapped students in Vocational Education is very high; yet, even these students are successful in regular Vocational Education programs when provided with the support services they need. However, because these services are extremely diversified, they require unusually well-coordinated but expensive efforts to assure linkages which contribute to meeting individual needs. They also require, particularly for the handicapped, special and highly-expensive staffing. Federal monies flexibly allocated to states are essential to the continued provision of many of these specific support services, as well as to the teacher education needed to smoothly mainstream the students.

Two pilot projects in New Mexico, now in their second year, have demonstrated that adequate support services can help assure that the handicapped and the academically-disadvantaged can become employable. One of these, a program in basic skills, proved to be the "great equalizer" for the job success for academically- and economically-disadvantaged students. Both support service programs are now ready for duplication in all 13 post-secondary institutions and modification for introduction at the secondary level. A reduction in federal funds will, then, curtail expansion of proven sound programs.

A reduction in federal Vocational Education funds also has serious implications for future state planning. In New Mexico, for example, construction of three proposed centers for Vocational Education must be delayed. These centers would have brought educational services within a 25-mile radius to 95 percent of the state's population. These centers could have educated 1,000 additional students. We know that additional job openings still exist in New Mexico—the need is great for trained workers in the areas of diesel, electronics, laser, petroleum, computers, and nursing.

A recent statewide, door-to-door survey revealed that people want and need evening and weekend programs, training in new areas, and an increase in the number of present program offerings. Without start-up funds, none of these needs will be met.

Some of New Mexico's ongoing programs need new equipment, changes in curricular design, or teachers returned to industry for skills updating in new technology. The state will be unable to afford sufficient dollars for every area. Federal funding cuts will mean, then, less well-prepared students and poor production levels particularly for industries which employ technicians in the areas of electronics, diesel, petroleum, and laser.

Because of the ultimate positive impact of well-trained workers upon local and federal economies, we believe that maintenance and expansion of Vocational Education are not soley state responsibilities. Eight percent of the students trained in the State of New Mexico come from other states. While it is true that most students graduating from New Mexico's Vocational Education programs remain in the state, 14 percent take jobs elsewhere, thus boosting those economies. We see Vocational Education, then, as properly a joint partnership: federal funding supports initial efforts; state funding provides basic programs; and local funding supplies the dollars for unique components.

Taxpayers are always delighted with reduction in taxes. Those same taxpayers, however, were the ones polled recently in our state door-to-door survey. Only 6 percent of those surveyed said they were not interested in Vocational Education. Ninety-four percent indicated a desire for training of the kind they needed, at a time and place where they could benefit. Perhaps governmental response to that need should be considered. The dollars to be returned to citizens through the proposed current tax relief program might be better invested in Vocational Education where increased earnings, improved quality of work, and greater productivity would come as a result of upgrading existing programs or establishing programs closer to home and in locations more convenient to employees.

Federal funds over the past years have been well used. They have made an impact! Appropriated, (1) to provide risk capital for new programs and pilot projects, (2) to update equipment, (3) to provide remedial education, (4) to provide field-based teacher education, (5) to develop and update curriculum, and (6) to provide career guidance, federal monies have been indispensable. Federal funds have triggered change. They have been, and are, critical to quality programs and meeting citizen needs.

OVERSIGHT HEARINGS ON PROPOSED BUDGET CUTS FOR VOCATIONAL EDUCATION

THURSDAY, MARCH 5, 1981

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Arlen Erdahl presiding.

Members present: Representatives Erdahl, Petri, Hawkins, Goodling, and Kildee.

Staff present: John F. Jennings, counsel, and Richard DiEugenio, minority legislative associate

Mr. ERDAHL. Chairman Carl Perkins is regretfully on business in his district in Kentucky today. He is not with us. Mr. Kildee will be with us shortly and he will be presiding.

Until that time I have been asked to preside over the meeting. My name is Arlen Erdahl.

The Subcommittee on Elementary, Secondary, and Vocational Education is continuing hearings today on the impact of the administration's proposed budget cuts for vocational education.

President Reagan has already proposed a 20-percent reduction in Federal support for vocational education. In addition, when the President announces additional cuts next week, it is possible that there may be further reductions proposed for education.

Today we have a distinguished panel of witnesses from Wisconsin and Illinois. We would like to hear your reactions to these proposed cutbacks.

I would invite the panelists to come up to the table: Dr. Robert Sorensen, State director of vocational education, Madison, Wis.; Mr. Wayne Sampson, director of public affairs, Illinois Central College, in Peoria, accompanied by Mr. Richard Gumbel, training officer from the Caterpillar Tractor company in Peoria, Ill.

Gentlemen, we are pleased you are with us today. The procedure will be for you to present a statement for the record. Without objection it will be included in its entirety. You can summarize your statement if you wish, or read the statement, which will be shared with our colleagues unable to be here today.

Mr. ERDAHL. Dr. Sorensen.

STATEMENT OF ROBERT SORENSEN, STATE DIRECTOR OF VOCATIONAL EDUCATION, MADISON, WIS.

Dr. SORENSEN. Thank you. My name is Bob Sorensen. I am the State director of the Wisconsin Board of Vocational Education. I am responsible for the postsecondary facet of that State program.

Just a little bit about the system. Back in 1971, 10 years ago, we were serving 220,000 people in our system. This past year, 1979–80, we had a headcount enrollment of 453,000 people. That is one out of every eight citizens served in the State through some form of vocational, technical, and adult education.

My purpose today is to express from primarily the postsecondary point of view the importance of Federal initiatives to expand and keep current vocational education through financial assistance for new program equipment, facilities, staff, and curriculum development which will impact upon our ability to provide the skilled personnel—our human resource and the work force—who keep the industrial machinery of a State as well as the Nation in motion.

THE ROLE OF VEA DOLLARS IN WISCONSIN

With regard to the total State effort, both secondary and postsecondary, the State of Wisconsin in fiscal year 1979–80 expended $14,460,000 of Vocational Education Act moneys. These funds were appropriated 60 percent to postsecondary-adult education and 40 percent to secondary and were matched overall by about 11 to 1 with State and local dollars. How did Wisconsin spend the Vocational Education Act funds? Of the total Federal dollars expended, $4,676,000 was spent to support the national priority programs serving the handicapped and disadvantaged. Of this, $1,721,000 was used to support handicapped programs. This was 14 percent of the section 102(a) grant—substantially more than the 10-percent required minimum. Similarly, $2,955,000 was spent to serve the section 110 disadvantaged, and this was 23 percent of section 102(a) funds, well above the required 20 percent. The State board has set a goal of 15 and 25 percent respectively for these programs. A reduction in Federal funding will seriously affect achievement of these goals.

Section 120 expenditures, excluding those supporting the handicapped and disadvantaged programs, totaled $6,385,000 in fiscal 1980. These funds supported special services for women, promoted sex equity, and funded programs training displaced homemakers. In 1977–78, the first year of funding under the 1976 act amendments, only 6 of our 16 postsecondary and adult education districts were operating women's centers. Through the use of Federal VEA dollars, 15 of the 16 districts now have women's centers. These section 120 funds also support other vocational education programs. Approximately $1.5 million was expended for upgrading physical facilities and equipment in the postsecondary-adult system alone.

A total of $1.6 million was expended on section 130 purposes, excluding activities serving the disadvantaged and handicapped. Although the act purposes emphasize the use of Federal dollars to meet new and emerging manpower need with innovative approaches, the very low level of Federal support for curriculum

development, research, and professional development make it virtually impossible to respond adequately to meet changing needs.

In addition to the section 110 disadvantaged funds, the State of Wisconsin spent $620,000 of VEA moneys for section 140 activities. The number of unemployed youth and high school dropouts served by these programs remains a small fraction of those in Wisconsin who can benefit from the services provided.

The amendments of 1976 require that the States spend one-third of consumer and homemaking funds to serve persons living in depressed areas. In fiscal 1980, Wisconsin spent two-thirds of this allocation for such programs. Thus Wisconsin can clearly demonstrate it has met or exceeded the purpose for which Vocational Education Act moneys were intended.

Now let me draw another comparison which gives additional perspective to the Federal contribution. While the combined postsecondary and secondary student headcount cost per student during the decade increased from $339 to $358, the Federal share of that cost decreased by $14, from $44 per student in fiscal year 1971 to $30 in 1980—see table I. Every Federal vocational education dollar expended in fiscal year 1970 was matched by $6.63 in State and local dollars. By fiscal year 1980, this increased, where Wisconsin State and local support matched each Federal dollar with $10.78. This is also illustrated in table II, which shows total enrollment and expenditure increases during the decade of the 1970's.

In the partnership of the localities, the State, and the Federal Government, the burden of responsibility has shifted more and more away from the Federal Government. This is not necessarily an appropriate trend. Yet the primary problem for all of the country in the 1980's is the revitalization of the national economy. To meet this challenge we need trained manpower. Vocational education must be viewed as being central to new economic policy. The revitalization of VEA must clearly state purposes commensurate with those policies and provide adequate funding to do the job.

Speaking now solely for the postsecondary system in Wisconsin and moving away from potentially dull statistics, I urge you to consider the following points in your reauthorization discussions. The very content of many occupational fields is changing from a mechanical base to an electromechanical base and is increasing in quantum leaps to a microelectronic base. Such major shifts in technology present major shifts in the substance of programs requiring that our teachers—let alone our studefts—have greater understanding of the scientific, mathematic, and technical literacy skills that form the very basis of an occupational area. Frankly, we have not had the resources essential to the continuum of professional development of the men and women who are responsible to teach, train, and instruct the specialists which the marketplace demands.

There is no doubt that further deterioration will occur if substantial Federal and State investments are not made in vocational education. In the field of technology which involves lasers, for example, we are not able to expand our capability to meet the growing demands of the marketplace for technicians. The initial investment in high-price equipment and safe instructional laboratories precludes our accepting the number of men and women seek-

ing to enter the 2-year associate degree program. Yet those who are enrolled are hired almost before they complete the laser technician program.

In another area—airframe and powerplant programs—we are stymied by lack of funds to buy and install the up-to-date equipment required by specifications of the Federal Aviation Administration, who set the standards that must be maintained by our schools.

We anticipate a shortage of technicians in this area in a few short years as the veterans of World War II—who learned their trade practically on the firing line—phase out of factories, airlines, and other businesses into well-earned retirement age.

Given more time, we could cite many more areas where the need for investment in teachers, equipment, and facilities—with which to provide the essential hands on learning which is the benchmark of the vocational, technical school—is critical to maintaining skilled technicians for industry, agribusiness, manufacturing, and craft service businesses. Computer programing—word processing—radiologic technology—energy technology merely identify general areas of activities vital to our Nation which demand personnel who are qualified to carry out the tasks of the marketplace. Labor Department projections clearly forecast growth percentages, in these areas alone, which range from 20 percent to more than 60 percent by the year 1985.

While I agree that we should increase capital investment, develop new markets, and increase production to remain competitive in the world economy, I do not understand how diminishing the capacity of the American worker—the common denominator in all of these efforts—will achieve that end.

Vocational education is essential if investments in new plants, machinery, and production techniques are to return dividends. Vocational education is necessary to enhance marketing—not only in Wisconsin, but nationwide. There is an urgent need for improvement in the development of human capital, particularly in seeking to bring vocational training and actual jobs closer together.

Not to keep the Federal investment updated in vocational education impacts not only on the area I have mentioned, it also diminishes our ability to respond to the needs of the disadvantaged and handicapped students, particularly our ability to expand programs. The money set aside for such students is completely inadequate to provide additional services to this group of students. It is emphasized that in the past 5 years, Wisconsin VTAE system has spent nearly $9 million of State and local money, and approximately $4 million of Federal funds, in special excess-cost programs to meet the needs of handicapped individuals. At a time of decreasing revenue at both the State and local level, the impact of a reduction of Federal dollars can readily be seen.

The task of training our vocational educators to modify their programs to accommodate special targeted populations is in its infancy in America. You have succeeded in your Vocational Education Amendments of 1976 to get us moving. The cost is high, as is the cost of providing the needed support services.

The concept of paying one-half of the excess cost involved in serving these special populations was put in place with the Voca-

tional Education Amendments of 1976. This concept greatly strained the financial resources of the local districts. It is my opinion that the districts are unable to provide additional local resources to assume these excess-cost activities in the event of decreasing Federal revenues. The reauthorized act must increase the total Federal contribution for the handicapped and disadvantaged.

Already this year we have experienced a 4.4-percent reduction in State aids. Further, this is the fourth year in which local Wisconsin property tax support has been limited. These existing constraints, coupled with a Federal reduction, will seriously impair our ability to provide adequate vocational education—let alone keep us on the cutting edge of advancing technologies such as: alcohol fuels, energy conversion, word processing, computer applications, geotechnology, photovoltaic technology, environmental technology.

Federal outlays, over the next 4 or 5 years, for new defense equipment will require the training of specialists to meet a manpower shortage anticipated in a report to the Armed Services Committee.

The fact of the matter is that vocational, technical school enrollments continue to climb as young people become aware of their need for marketable skills, as well as the competitive salaries available to skilled workers in the marketplace. Each year, in Wisconsin, more students are attending on a part-time basis driving up the cost per full-time equivalent student. The average VTAE student age is over 26 at this time, and population projections clearly indicate a work force age profile that will see a significant "bulge" in the 25-to-34 age level by 1985.

The dynamics of the labor market are evident and impose on our system a need to be responsive to the retraining needs of the adult workers. We talk about high technology today. The place we must turn to is the highly skilled technology and move them up to the demands. Of the postsecondary students, 14 percent have less than a high school education—yet 24 percent have some college or were college graduates. This demonstrates the history of VTAE to absorb a wide range of people.

In the Betelle study, The Manufacturing Engineer—Past, Present, and Future, presented at the Spring Conference of Manufacturing Engineers, it was pointed out that the major source of personnel are nondegreed persons employed in various manufacturing jobs—who have experience through on-the-job and continuing education.

In one study it was reported that 70 percent of the respondents who are functioning manufacturing engineers are not registered or certified engineers but need continuing education.

Thus we see that the economy in the Nation is closely tied to the availability of skilled men and women. There is no argument about the need for industrial capital investment—but it would be folly to fail to invest in the human capital and to provide them with the vocational, technical training this Nation requires to produce more—or better quality—with greater efficiency.

If Congress provides further incentives for new equipment, new plants, and new technology in industry—while diminishing investments in vocational, technical education—the results will only be a

broadening of the gap—maybe we should refer to it as a chasm—between vocational programs and the real work world setting.

What are the long-range implications for Wisconsin of severe reductions in funding during the next several years? Let me give you our view of the most probable labor market scenario for the end of this decade. It will assist you in deciding for yourself how necessary is vocational training—of high quality—next year.

Wisconsin gained 92,000 manufacturing jobs during the decade of the 1970's—third in the Nation. Yet its population grew at only slightly more than half of the national average.

By 1990 the age group 18 to 24 will decline by 124,000 and the age group 30 to 50 will increase from 35 percent to over 45 percent of the potential work force. This substantial shift within that work force will place new pressures on vocational education. And these pressures will become ever more difficult in light of a projected shortage, by 1990, of 30,000 skilled workers. I feel a moral responsibility to attack that skilled manpower shortage in Wisconsin that is coming after us. I can do that by a few pods of relief that are out there, and that is in the area of the unemployed, the high school dropout, the disadvantaged, the new American immigrants, but I need help to attack that problem.

What I am trying to direct next year is to use more and more of the Federal dollars to dangle in front of the local districts as a carrot to reach out to the manpower shortage that is coming after us.

The simple yet startling fact of the matter is that without an increase in effort in Federal and State investment in vocational education we will find a deterioration in programs even further and add more of a drag on qualified workers—that this Nation needs, to pursue an economic renewal goal.

I have sounded many themes in the preceding section. Now I have some specific recommendations. Speaking from a statewide perspective a colleague of mine spoke to the committee a few weeks ago and I would like to acknowledge his recommendations as well as to add some of my own.

Specifically, I would recommend targeting resources toward:

(1) Startup cost for new program development to provide the skilled worker supply for reindustrialization that will be needed.

(2) Providing partial support for equipment replacement and modification especially for the high-technology areas. At our State board meeting on Tuesday, one of the industrialists heard a report from one of the staff who chases surplus Federal equipment around the State. We were proud of a particular milling machine, the value of about $40,000. He turned to us and said, when are you in vocational education going to get on the stick and get up to date. That tool, although only 2 years old, he says is outdated, and you are going to have to spend decent dollars to go after the new, sophisticated equipment to keep up with what industry is doing. It took the thunder out of what we felt was a good report.

(3) Customizing industry-specific training in cooperation with the State's economic development thrusts so as to prepare workers for a given new or expanding company.

(4) Providing "one on one" technical assistance to business entrepreneurs experiencing survival problems in production, marketing, management and/or financial accounting.

(5) Developing a system for updating vocational staff members. This is one of the critical problems I saw when I took over, how do we keep the staff updated and attuned. As the director I tried to arrange something with one of the industries in Wisconsin and went to the edge of the table with Mercury Marine and they said, no, I cannot exchange my supervisor for a teacher, but if we had carrots and were encouraged to move in that direction, I think industry would be amenable to it if there were a tax writeoff on it.

(6) A greater emphasis on training persons in the shifting work force age population—adult continuing education for upgrading and retraining.

New program development and/or updating of programs such as electronics, data processing, laser technology, and health occupations require a substantial investment of staff time.

Another example would be radiology technology. A district has a lab already built over in Lakeshore, in your district, Mr. Petri, but they will not go into the program because of the cost of the program and the instructors. So there it sits, a radiology lab, and we cannot move it.

(7) Providing greater linkages between school-based vocational education and specialized training provided by industry.

(8) Expanded efforts to reach the groups whom can help relieve our growing manpower shortage—disadvantaged, handicapped, minority, high school dropouts, immigrants, et cetera.

The last one is encouraging retraining and upgrading programs for adult workers. Incentive programs that facilitate working arrangements between educational institutions and employers should be considered in the interest of targeting activity to maintain the employability of the current work force as well as bringing individuals, especially women and older citizens, into the work force.

As you plan for the continuing Federal role in vocational education, I would urge you to continue taking a close look at the success of the Federal, State, and local partnership in vocational education. This partnership is one of the unique success stories in education which pays direct dividends to American economy. Your initiatives in the past through the Vocational Education Act are to be applauded in keeping America updated in technical and skill development. The challenges for the future are coming at us much faster and as such we must all work together to keep our country the superior industrial giant that it has been in the past.

Thank you for your time, attention, and consideration of my recommendations. Furthermore, your continued concern for the maintenance of a Federal role giving attention to the importance of human resource development is welcomed.

I will be happy to send you additional information on any subjects that I have covered today.

Mr. ERDAHL. Thank you very much, Dr. Sorensen. As you are obviously aware, my colleague here, Congressman Petri, is an active and valuable member of this committee.

I happen to be a neighbor of yours over in Minnesota, and your testimony today gives evidence that vocational education in Wisconsin is responsive, progressive and in good hands.

[The prepared testimony of Robert Sorensen follows:]

TESTIMONY ON VOCATIONAL/TECHNICAL EDUCATION

PRESENTED TO

THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

CONGRESS OF THE UNITED STATES - HOUSE OF REPRESENTATIVES

MARCH 5, 1981

BY

DR. ROBERT P. SORENSEN, STATE DIRECTOR

WISCONSIN BOARD OF VOCATIONAL, TECHNICAL AND ADULT EDUCATION

MADISON, WISCONSIN

My name is Robert Sorensen, State Director for postsecondary vocational, technical and adult education in the state of Wisconsin ... wherein enrollments have more than doubled in the last decade from 220,000 students in 1970 - 1971 to 453,000 in 1979 - 1980. As you may know, vocational education in Wisconsin has principally a postsecondary orientation, with the secondary level playing a critical complementary role. Our 16 VTAE districts, with their 37 campuses and hundreds of outreach centers, provide the entire state with career opportunity training below the baccalaureate level.

My purpose today is to express primarily from the postsecondary point of view the importance of federal initiatives in reauthorization of the Vocational Education Act to both expand and keep current vocational education through financial assistance for new programs, equipment, facilities, and staff and curriculum development. The impact of a creative reauthorization will be an

increased ability to provide the skilled personnel, who are our most important resource, to keep the industrial machinery of my state as well as our nation in motion.

VEA Dollars in Wisconsin

With regard to the total state effort, both secondary and postsecondary, the state of Wisconsin in fiscal year 1979-80 expended $14,460,000 of Vocational Education Act monies. These funds were apportioned 60 percent to postsecondary-adult education and 40 percent to the secondary level, and were matched overall by about 11 to one with state and local dollars. The ratio for the postsecondary segment only is substantially greater than the averaged state match.

With those federal, state and local contributions, we have addressed the Vocational Education Act's priorities and substantially exceeded the required percentages to be targeted each year as specified in VEA. Wisconsin, and I'm sure the other states, can clearly demonstrate it has fulfilled the purposes for which VEA monies were intended.

Now let me drew other comparisons which give additional perspective to the federal contribution. While the combined secondary and postsecondary cost per student during the decade increased from $339 to $358 (total vocational education budgets divided by total headcount), the federal share of that cost decreased by $14, from $44 per student in FY 1971 to $30 in 1980 (See Table I). Every federal vocational education dollar expended in FY 1970 was matched by $6.63 in state and local dollars. By FY 1980 Wisconsin state and local support matched each federal dollar with $10.78. This is also illustrated in Table II which shows total enrollment and expenditure increases during the decade of the 1970's.

For the postsecondary segment alone, the 1970-71 cost per FTE (as opposed to cost per student) was $1,406. In 1979-80, it was $3,031. This represents a 116% increase, whereas the federal VEA contribution in our state shows only a 73% increase, or a 43% difference in percentages of increase. Many of the similar comparisons could also be drawn.

In the partnership of the local, state and federal governments, the burden of responsibility has shifted more and more away from the federal government. This is not necessarily an entirely inappropriate trend. VEA monies were intended, in part, as seed money and leverage money to build the capacity of the states. To this extent the federal program has been remarkably successful. Through the emphasis on administration by sole state agencies, creative leadership met those federal goals. New priorities are with us now, however. The primary problem for all of the country in the 1980's is the revitalization of the national economy. To meet this challenge we need trained manpower. Vocational education must be viewed as being central to new economic policy. The re-authorization of VEA must clearly state purposes commensurate with these policies and provide adequate funding to do the job.

Postsecondary Thrusts

Speaking now solely for the postsecondary system in Wisconsin, I urge you to consider the following points in your reauthorization discussions.

The very content of many occupational fields is changing from a mechanical base to an electro-mechanical base and is increasing in leaps to a micro-electronic base. Such extraordinary shifts in technology present major changes in the

substance of programs requiring that our teachers -- let alone our students -- have greater understanding of the scientific, mathematic and technical literacy skills that form the very basis of an occupational area. Frankly, we do not have all the resources essential to provide the contium of professional development experiences for the men and women who are responsible to teach the specialists which the market place demands. There is no doubt that further deterioration will occur if substantial federal and state investments are not made in vocational education.

Equally important, we anticipate a shortage of skilled technical workers in a few years as the veterans of World War II - who learned their trade practically on the firing line - phase out of factories, and businesses into well earned retirement. This shortage is estimated at 30,000 for Wisconsin by 1990. Relief from the projected shortage should come from increased vocational education for unemployed high school dropouts, disadvantaged, handicapped, women, new American (imigrants) and others. Furthermore, other demographic data shows that in Wisconsin, by 1990, the age group 18 - 24 will decline by 124,000 and the age group 30 - 50 will increase from 35% to over 45% of the potential workforce. This substantial shift within that workforce is placing new pressures on vocational education to be responsibe and flexible with alternative delivery systems to meet new student needs. The simple yet startling fact of the matter is that a reduced federal commitment to vocational education will weaken programs even further and add more of a drag on the supply of qualified workers that this nation needs to pursue an economic renewal goal.

Given more time, I could cite many areas where the need for further federal support for equipment and facilities with which to provide the essential "hands-on" learning is critical to maintaining skilled technicians for industry, agri-

business, manufacturing and craft service businesses. High technology - computer programming - communications - medical technology - energy technology merely identify a few general areas of activities vital to our nation which demand personnel who are qualified to carry out the tasks of the market place. Labor Department projections clearly forecast growth percentages, in these areas alone, which range from 20% to more than 60% by the year 1985.

While I agree that we should nationally increase capital investment, develop new markets and increase production to remain competitive in the world economy, I do not understand how diminishing the capacity of the American worker - the common denominator in all of these efforts - will achieve that end. Investment in vocational education is essential if investments in new plants, machinery and production techniques are to return dividends. Vocational education is necessary to enhance marketing -- not only in Wisconsin, but nationwide!

Not to keep the federal investment updated in vocational education impacts not only on the areas I have mentioned, it also diminishes our ability to respond to the special needs of the disadvantaged and handicapped students; particularly our ability to expand programs. The money set aside for these students in the current Act is completely inadequate to provide additional services to this group of students. In the past five years, Wisconsin VTAE system has spent nearly $9,000,000 of state and local money, and approximately $4,000,000 of federal funds in special excess cost programs to meet the needs of handicapped individuals. At a time of decreasing revenue at both the state and local level, the impact of a reduction of federal dollars can readily be seen.

The task of training our vocational educators to modify their progams to accommodate special targeted populations is in its infancy. The cost is high as is the cost of providing the needed support services. The reauthorized act must increase the total federal contribution for the handicapped and disadvantaged.

Already this year we have experienced a 5.8 percent reduction in Wisconsin state aids to our schools. Further, this is the fourth year in which local Wisconsin property tax support has been limited. These existing constraints, coupled with a federal retrenchment, will seriously impair our ability to provide adequate vocational education ... let alone keep us on the cutting edge of advancing technologies such as:

- Alcohol fuels
- Energy conversion
- Word Processing
- Computer applications
- Geo-technology
- Photovaltaic Technology
- Environmental Technology

The fact of the matter is that vocational, technical school enrollments continue to climb as young people become aware of their need for marketable skills ... as well as the competitive salaries available to skilled workers in the market place. Furthermore, each year, in Wisconsin, more students are attending on a part-time basis. The average VTAE student age is approximately 28 at this time. The dynamics of the labor market are evident and impose on our system a need to be responsive to the retraining needs of the adult workers. Of the postsecondary students, 14% have less than a high school education - yet 24% have some college experience or were college graduates. This demonstrates the history of postsecondary vocational education to serve a wide range of students. As an example, in one recent study it was reported that seventy percent of the

respondents who are functioning manufacturing engineers are not registered or certified engineers and are in need of continuing education the vocational education system in Wisconsin can provide.

In summation, we have seen that the economic health of the nation is closely tied to the availability of skilled men and women. There is no argument about the need for industrial capital investment - but it would be unconscionable to fail to invest in the human capital and to provide them with the vocational, technical training this nation requires to produce more - of better quality - with greater efficiency.

If Congress provides further incentives for new equipment, new plants, and new technology in industry - while diminishing investments in vocational, technical education - the results will only be a broadening of the developing gap between current vocational programs and the changing real work setting. Congressional leadership now is crucial to forge the links between economic policy and vocational education.

Recommendations

I have sounded a number of themes in the preceding comments. Now I have some specific recommendations. Speaking from a local perspective, a colleague of mine from Wisconsin addressed this committee a few weeks ago. I would like to reinforce a few of his recommendations and add a several of my own which have a statewide perspective.

Specifically, the reauthorized Vocational Education Act should emphasize:

1. New program development to provide the skilled worker supply for reindustrialization that will be needed.

2. Providing partial support for equipment and facilities replacement and modification especially for the high technology areas.

3. Customizing industry - specific training in cooperation with each state's economic development thrust so as to prepare workers for a given new or expanding company.

4. Providing "one-on-one" technical assistance to business entrepreneurs experiencing survival problems in production, marketing, management and/or financial accounting.

5. Developing a system for keeping current vocational education staff and curriculum.

6. Retraining and upgrading for a workforce shifting because of age demographics and industrial needs.

7. Providing greater linkages between school based vocational education and specialized training provided by industry.

8. Expanded efforts to reach the target groups (disadvantaged, handicapped, minorities, high school dropouts, immigrants, women and others) to provide them with the employment opportunities they need. This effort will also assist in addressing the growing skilled worker shortage.

9. Linkages with other federal programs, not only CETA, for the most effective use of the federal funds.

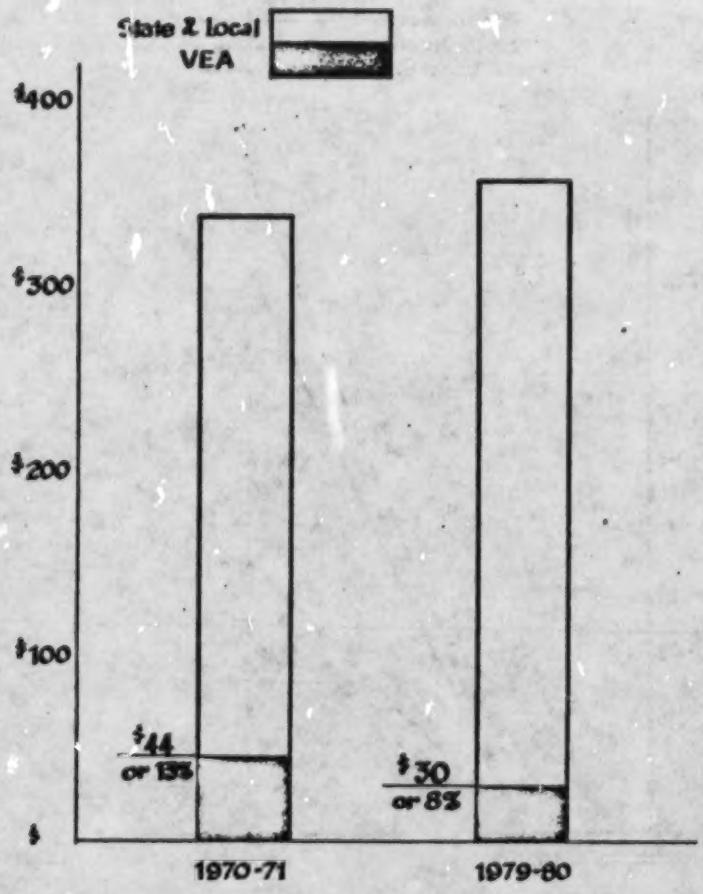
As you plan for the continuing federal role in vocational education, I would urge you to continue taking a close look at the success of the federal, state and local partnership in vocational education. This partnership is one of the

unique success stories in education which pays direct dividends to American economy. Your initiatives in the past through the Vocational Education Act are to be applauded in keeping America updated in technical and skill development. The challenges for the future are coming at us much faster and as such we must all work together to keep our country the superior industrial giant that it has been in the past.

I thank you for the opportunity you afforded me today to come and present my perceptions on vocational education as I see them for the 1980's. I will be happy to send you additional information on any of the subjects I briefly covered today.

TABLE I

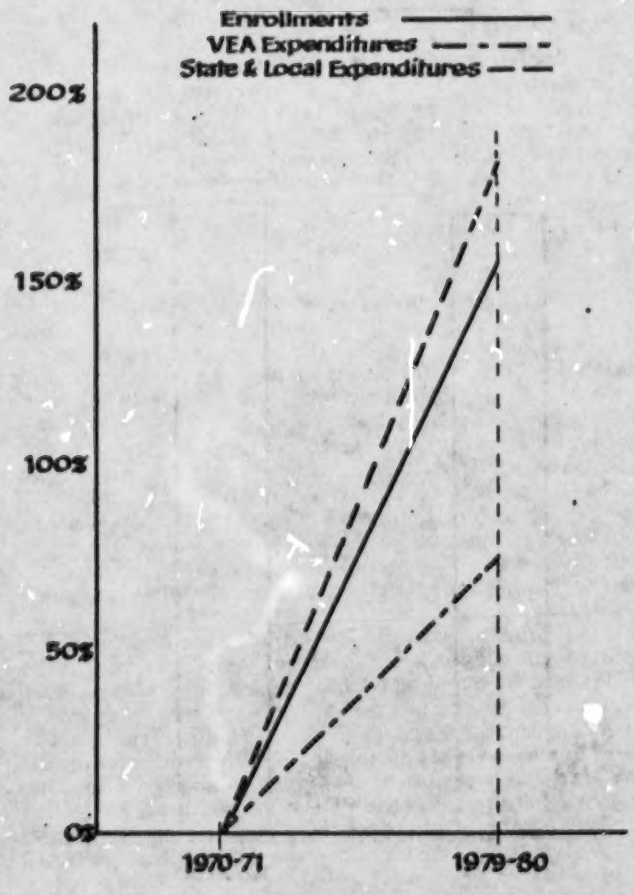
Per Pupil Expenditures —
1970-71 and 1978-79



•STATE OF WISCONSIN•

TABLE II

Secondary, Post-Secondary and Adult
Total Enrollments and Expenditures
—Percent Increase 1970-71/1979-80



·STATE OF WISCONSIN·

Mr. ERDAHL. Next, Mr. Wayne Sampson, from the Illinois Central College.

STATEMENT OF WAYNE SAMPSON, DIRECTOR OF PUBLIC AFFAIRS, ILLINOIS CENTRAL COMMUNITY COLLEGE, PEORIA, ILL., ACCOMPANIED BY RICHARD GUMBEL, TRAINING OFFICER, CATERPILLAR TRACTOR, PEORIA, ILL.

Mr. SAMPSON. Thank you. It is a pleasure to be able to represent vocational education in Illinois before your committee this morning.

I also appreciate your promotion of me to vice president on your agenda. I agree that I should be; however, my official title is director of public affairs. But I will take this document back with me and give it to my president in hopes he will follow suit.

I am not going to follow or paraphrase my testimony this morning. I would like to touch on a couple of matters having observed yesterday some of the things——

Mr. ERDAHL. As I indicated before, your testimony will be inserted in the record in its entirety.

Mr. SAMPSON. Thank you.

In that testimony I simply have tried to outline the effect of the loss of funding that is proposed in present budget cuts in both the secondary area vocational center, and postsecondary areas and very quickly state those would be the entitlement of our vocational education community to meet new programs, the inability to continue to accept more students as our population moves into technical and vocational education at a much faster rate than ever before in our history, and the inability to maintain our technical level of expertise as to equipment and personnel involved.

What I would like to do this morning is share with you a couple of things that are happening in Illinois that I think are perhaps exemplary from the standpoint of some new direction that vocational education has taken, that has proven effective, at least for us.

First of all is a joint program that we have operated for the past several years in connection with a major employer in our area, Caterpillar Tractor Co., and a private senior institution, Bradley University. Apprentices at Caterpillar are given the opportunity to joint enroll in an associate program in technology at Illinois Central College in one of several special fields. The most popular at the present time is in the mechanical technologies area. An apprentice program is jointly staffed, taught mostly on Caterpillar facilities, except in those instances where courses require specific labs not available to Caterpillar Tractor Co. and are to the institution.

Students involved in them over a 4-year period of time are able not only to complete the apprenticeship training program with the company but also qualify for an associate applied science degree. The credits earned are then transferable to the Bradley University where the individual may pursue a bachelor of technology degree.

This program is funded with no Federal type of program support other than the regular basic grants that we get for vocational programs. I think it is successful for a couple of reasons: First, there is a tremendous working relationship and support effort on the part of Caterpillar Tractor Co. in supporting their employees

because not only do employees get support from the standpoint of tuition costs, but also, they attend many of the classes on company time and are paid at regular rates for that attendance.

As I indicated before, the college is using the company facility as a classroom and laboratory which eases the burden on our costs in upgrading equipment to maintain current technology in many sophisticated technological areas.

The program is a very solid program. It has been in existence several years and it is meeting the needs of presently skilled employees who are desiring to improve their skills and move into midlevel management positions.

The second program is what we refer to as HITS, or High Impact Training Services in the State of Illinois. This program does receive about $450,000 of Federal money and is matched with approximately $300,000 of State funds, making a total of three-quarters of a million dollars available to us for its implementation.

This program is designed directly for those companies or institutions that are either expanding in our State, or who have a need for a newly trained work force from their existing employees, retraining or upgrading. It is a very elemental program from the standpoint of the application process. It is the only one I know of in both Federal and State areas that could be approved or rejected within a 2-week period of time and the money flow again almost immediately.

The three-quarters of a million dollars goes to supplement the cost of starting up the operation, providing textbooks, instructional costs for the programs, many of which are operated in the plants.

We find small business and industry takes advantage of this kind of training program, where they cannot have their own program operational because of size.

To give you some example of the popularity of the program, during the last year our entire three-quarters of a million dollars in HITS funds were expended in the first 5 months of the fiscal year. This is a joint adventure again, with the industry, with educational institutions; it is not limited to post secondary institutions by any means. Secondary schools can become involved in it at area vocational centers or universities. It is meeting a very direct need in many cases for small numbers of individuals at a very low cost basis.

I think Dick will give you some figures in his written testimony of about $177 per individual trained as compared to some other costs that you have here, I am sure in past years, for up in the thousands of dollars per individual trained. Those two programs fit hand in hand in our State. One works with very large employers who have their own programs operational in the field, while the HITS program meets the need of smaller industries which support many of the major industries in our area.

In conjunction with that, I have two other comments, then I would rather respond to questions that you have rather than repeat testimony you have heard before.

Dr. Sorensen mentioned the need to upgrade present staff. We feel that need as well. Exchange programs are available on a very limited basis for some of our staff members. Caterpillar Tractor Co., again, has been working with us to develop a program where

staff members from ICC can move into their operation and learn technical skills they need to improve their skills.

Another comment that has been made in earlier testimony dealt with the fact that many times we are in need of equipment or staff members but that low-incidence programs, high-cost programs, sometimes are not effective in delivery of services to individuals. I would like to put a plug in at this time for a regionalized concept.

As we are all learning to use the resources we have much more wisely than in the past, this includes technical equipment we have in our public facilities, as well as personnel availability; one of the things we are working on very diligently is to try to regionalize our concept models, so we take advantage of the equipment available.

I would simply indicate also that we concur to a large extent with what Dr. Sorensen has already reported to you this morning. He has hit many of the points we feel very important, and I would close with what really was the essence of my written testimony, in that the message we hope to be able to bring to you this morning is that we concur with the efforts of the Federal Government to reduce Federal spending, to bring the budget under control, to improve our economy, our military preparedness, reindustrialize our Nation. We realize, as tax consumers, the responsibility to look at those things we are doing and try to become more efficient. We believe very strongly, however, that vocational education will find itself in a very important role in the next few years, because it fits in so well with national priorities that are now being developed. We do have a role to apply in reindustrialization, in the recovery we hope to achieve in the next few years. We are standing ready, willing, and able to assist you in any way and feel we can be a very effective partner with Federal and State Government if given the opportunity.

With that, I will close and be happy to respond to any questions you may have. Thank you.

[The prepared statement of Wayne Sampson follows:]

PREPARED STATEMENT OF WAYNE L. SAMPSON, DIRECTOR OF PUBLIC AFFAIRS, ILLINOIS CENTRAL COLLEGE, EAST PEORIA, ILL.

Mr. Chairman, and members of the subcommittee, it is a pleasure to be able to provide this testimony on behalf of vocational education in the State of Illinois. I am proud to have been a small part of the vocational education community since 1955 as a student, teacher, youth organization advisor and administrator at both the secondary and post-secondary levels. During that time I have served on numerous committees and boards of professional organizations directly related to vocational education, and am presently Treasurer of the Illinois Vocational Association, and will become President-Elect in May. My interest in and concern for education is broader than vocational education. I am presently President of the Board of Education in Morton, Illinois, a system of seven schools including one comprehensive high school, and have served in past years as Chairman of the Executive Committee and Policy Board of a two-county, twenty-seven district Special Education Association. I am currently a director of the Illinois School Board Association and a member of the Federal Relations Network of the National School Boards Association. In the past ten years I have served as a team leader for the Three Phase Evaluation System designed by the Illinois State Board of Education to evaluate the effectiveness of local educational agencies in delivery of vocational education services in our state. In that capacity I have had the opportunity to observe vocational education programs at the secondary and post-secondary levels throughout Illinois, and to talk to students, professionals, staff and representatives of the communities such programs serve.

My purpose in providing this testimony on behalf of the nearly 20,000 vocational teachers, counselors, cooperative program coordinators, and administrators in Illi-

nois, and the more than 800,000 students we serve, is to convey a single specific message. Concisely stated, the message is that while concurring with the present efforts of the federal government to reduce government spending, bring inflation under control, improve our military preparedness, and re-industrialize our nation, and fully realizing that education, as a consumer of tax dollars, must share in those efforts, vocational education, as an integral part of our total education program, is capable of becoming an effective partner in realizing our national goals if the federal commitment to the partnership of federal, state and local government support is not diminished.

Word has reached our state from federal sources, putting forth the "myth" that a 20 percent or 25 percent reduction in federal funding will not harm vocational education since the states will pick up the federal portion in addition to their present funding level. In Illinois there is no doubt that it is myth, since our Governor has publicly stated that if the federal government is reducing its share of funding by 20 percent, the State can plan for a similar deduction in its level of support. This shifts a greater share of the financial burden to the local board of control. While local boards of control in our state have supported vocational education programs at the elementary, secondary and post-secondary levels at more than 85 percent of their cost, and have watched the federal and state share of total funding shrink annually, many are now asking the question, "Can we continue to assume more and more of the burden, or is it time to terminate some or all vocational programs?" In 1979–80, Illinois lost vocational programs at 35 schools due to "lack of funds." Forty-eight additional programs were dropped because qualified faculty could not be found. When local boards are faced with financial short falls, high cost programs are looked to as a way to save big dollars quickly. Vocational students require approximately 1.5 times the financial support of their non-vocational peers, so it can be safely assumed that as federal dollars decline, programs in vocational education will be terminated, and administrators will not find "make-up" funding at either the state or local level.

In order to combat the inefficiency of high cost, low incidence programs, a system of Area Vocational Centers was developed in Illinois. Presently there are 32 such operational centers providing vocational educational opportunities to students from high schools unable to provide similar services. State officials estimate that if the proposed budget reductions are approved at both the state and federal levels, all but three centers could, in the next few years, be forced to close their doors. The centers currently receive a greater percentage of federal and state dollars per capita than do comprehensive secondary schoold due to their inability to draw from any other tax base, so reductions would be most dramatic to their operation.

At the post-secondary level, a 20 percent to 25 percent reduction in federal funding would have two very immediate results. First, plans for the implementation of new vocational programs would be cancelled. This would result in an increased shortage of technicians and skilled workers in several fields. In our area (Peoria), there are needs for persons trained in programs such as Aviation Mechanics (Air Frame and Power Plant Mechanics) and various energy-related fields. Illinois Central College, with a grant from the Department of Energy, constructed a small demonstration solar house. Local labor organizations and construction firms were involved in the planning and construction process. The purpose of the project was to provide information to members of the construction trades as to the techniques of construction needed to better utilize existing available energy. New procedures, techniques and skills in construction methods are needed today, and in our area, vocational and other educators have taken the only leadership role in meeting this critical need.

Projected manpower figures indicate that we will be facing a major shortage of certified Air Frame and Power Plant Mechanics in this decade. The Illinois Community College Board called upon the 39 community colleges in our state to start two or three additional programs approximately three years ago. As of today, none have been implemented or even planned. Federal regulations relating to this type of training require a level of sophistication, resulting in start-up costs, based on the 1978 figures, to exceed one-half million dollars for the first year, with an additional one-quarter million the second year. This expenditure would provide training for from 48 to 60 persons per year. While this program is an exceedingly high cost example, the fact remains that vocational programs to train high quality technicians are expensive. Most local districts simply do not have the local financial resources necessary to handle start-up costs.

The second impact imposed by the proposed 20 percent to 25 percent reduction would perhaps be the most damaging in the long term. Existing vocational programs would in effect be frozen in terms of their ability to expand to meet the pressure of increasing numbers of students (17–22 percent growth at the post-

secondary level and 50 percent for adults), and would continue to fall behind the technological advances occurring on a daily basis. At the present time, one employer in our area hires virtually every graduate of our Mechanical Technology Program seeking employment. Additionally, the same company, recruiting throughout the state, very rarely fills its need for employees with this training. There are several smaller companies in our area who have need for personnel with this expertise, but simply do without because graduates are unavailable. With this demand, we are limited to small class size due to equipment limitation. If approved in our 1981-82 budget later this year, we will obtain our first piece of computer controlled equipment in our mechanical technologies lab. The industries for which we train technicians have had this equipment operational for several years.

In a period of our history when the need for an improved and expanded workforce has never been greater, it seems inconceivable that we would seriously consider action which will undermine the only in-place educational system available to improve and expand that workforce. Military needs alone should point out the potential of vocational education. In a recent House Armed Services Committee Hearing Report, it is pointed out that manpower shortages are already producing shortfalls in meeting military procurement requirements. A recent national television special aired the question, "Who Will Fight for America?" as it documented that skilled technicians are leaving the military in alarming numbers, resulting in military personnel with neither the experience nor training to operate and/or service complicated, sophisticated weapons and support systems. The Report states that ". . . the solution to this national manpower problem will require a national commitment . . ." Mr. Church stated that in the area of skilled machinists there is a 75-percent shortage "to merely take care of the loss that we are seeing on an annual basis." He suggested that "we should turn over every stone." The panel recommended that the role of the U.S. educational system and its impact on the preparedness of the defense industrial base be received by the Committee on Armed Services and other appropriate House committees and the Department of Defense. I do not feel that the intent of that review was to reduce national potential by withdrawing 20 percent to 25 percent of the current support level.

The growth of vocational education in our state has been rapid. For the period from 1973 through 1978, a 25-percent rate was attained. Since 1978 we have seen the numbers of students swell from 700,000 to 800,000 through fiscal year 1980. These students are served by 569 secondary districts, 32 area vocational centers and 39 community college districts. Additionally, two universities, the Departments of Rehabilitation Services, Corrections, and Mental Health and Developmental Disabilities provide vocational education programs to their clients, while 431 districts provide occupational information programs to their elementary students. In fiscal year 1980 the State Board received 57.8 million federal and state dollars for the delivery of vocational education programs and services, instructional equipment, curriculum development, exemplary activities, research and personnel development.

Evaluation surveys (utilizing a 20-percent sample) obtained from students who completed or partially completed vocational programs showed 52.3 percent were employed in the civilian labor force, 2.5 percent were in the military forces, 4.5 percent were not in the labor force and were not seeking employment for various reasons, 34.7 percent were pursuing additional education, and 6.0 percent were employed and seeking employment.

A 6-percent unemployment rate is considerably less than the 9.2-percent state figure, and was only 3.06 percent unemployed and seeking for post-secondary program completers. Unemployment of early program leavers was higher than for those who completed programs at both the secondary and post-secondary levels. Unemployment levels in Illinois for the 18-26 year age group averages 15 percent to 16 percent.

During fiscal year 1980, some 38,500 cooperative education students (participating in experiential, on-the-job, paid work experience) earned approximately $62,370,000 in wages. A payroll of this magnitude provides the potential for up to $2.6 million being returned to the state in sales tax alone. Savings accounts, encouraged by vocational instructors, helped to increase the flow of money through banks and lending institutions. Vocational education pays dividends not only to the individual, but also in both the short and long range to state and federal government.

Illinois has actively sought to increase the relationships between business, industry, labor and vocational education. We are still working hard trying to improve and expand those relationships. It is our experience that business, industry and labor prefer to work with local educational agencies, rather than federal agencies, to develop meaningful programs to meet specific needs. In our area we have found most employers avoiding federal programs with complicated rules and regulations even though there are advantages to be gained through participation. Such reac-

tions result in these progams being counter-productive in that only public service jobs of short-term duration are created, delaying but not solving training needs or manpower problems. Federal incentives to industry through in-place educational agencies could avoid the "make-work" trap while reducing the reluctance of private industry and business to participate. An element of trust and cooperation between the private sector and local educational agencies already exists for a variety of reasons, including the utilization of advisory councils and the community as a classroom.

I respectfully urge you to examine carefully the role vocational education can place in the decade ahead in meeting national priorities of reducing unemployment, improving military prepareness, stabilizing the economy and reindustrialization. The cost of improvement and utilization of an in-place, proven, effective educational system is much less than the creation of a totally new concept. During times of economic constraint investments must be made where the probability of high returns are great. Let us continue and strengthen the partnership of federal, state and local government to meet the economic and human challenges faced by all Americans today.

Mr. ERDAHL. Thank you very much. We also have a statement from Mr. Richard Gumbel, training officer of the Caterpillar Tractor Co., Peoria, Ill.

Again, you may proceed as you wish, either to summarize your statement, or if you want to read it you are welcome to do that.

STATEMENT OF RICHARD GUMBEL, TRAINING OFFICER, CATERPILLAR TRACTOR CO., PEORIA, ILL.

Mr. GUMBEL. Mine will only vary by something I misread.

I am Richard Gumbel, manager of apprentice and technical training for Caterpillar Tractor Co. I am also a member of the Illinois State Advisory Council for Adult Vocational and Technical Education.

I have spent 35 years working in a major manufacturing company. Approximately half of that time has been in training people for jobs such as welders, machine operators, apprentices, draftsmen, the whole spectrum of technical training.

If 20 years ago someone had asked me to come to Washington to speak on behalf of vocational education, I would have refused. Today I look forward to it. The reason for this change in attitude is the major changes that have occurred in both manufacturing and vocational education. Twenty years ago as the ones of us in industry visited a vocational educational facility, we viewed it as a dumping ground for those students who did not have the ability or ambition to master a standard curriculum. On virtually every visit this was confirmed.

A typical vocational school was poorly equipped, they had a machine shop, possibly one open arc welding station, a woodworking shop, and at least in Illinois we frequently saw some good agricultural shops. The work effort of the students was poor.

Today when we visit a vocational education facility or community college we see students who are working. They are interested in what they are doing. We see that even with the restriction on capital investment, they have managed to put in wire feed welding processes. Here and there we see a numerically controlled machine appearing. At the community college level without exception I have seen a section of computer technology.

In other words, we have seen a positive change in the attitude and actions of the vocational educators. This change has led to a much closer relationship between industry and the students; or it

is possible that a closer relationship between industry and the schools has led to the change. Today we have people from industry deeply involved in advisory councils—this is at all levels of vocational education. It is a little like the chicken and the egg—which came first is not important, but the change itself is important.

A good example of this cooperation is the High Impact Training Services—HITS—program in Illinois. This program is administered through the Department of Adult Vocational and Technical Education of the Illinois State Board of Education in cooperation with the Department of Commerce and Community Affairs, Illinois Chamber of Commerce, Board of Higher Education, and the Illinois Community College Board. So a broad group of people are involved. The program is directed at new industries located in the State, industries that are expanding or making significant changes to their operations. The HITS program started in 1978 with a total expenditure of $32,000. By the end of 1980, total costs were $445,956. For this less than one-half million dollars they were able to train 2,509 people in 46 different programs. This comes out to a total of $177.74 per trainee.

There is a snowball effect caused by each new industrial job leading to over two more jobs in such things as retail sales, transportation—the list goes on and on. Recently the Illinois Chamber of Commerce released a booklet entitled "What Do 100 Extra Jobs Mean to a Community?" Applying the same statistics used in this booklet, the HITS program just for 1980--this is for completions in 1980—alone would lead to additional personal income of almost $25 million.

I am not saying that the $300,000 invested in 1980 was the only item that contributed to the additional $25 million in personal income, but it was a major factor. Any way you put it, a program of this type has a very impressive return on investment.

This is one of the major contributions made through vocational education system, but there are many others. Most of these programs were short, so next I would like to address some of the longer programs.

This country is facing a serious shortage of skilled labor. I am constantly seeing surveys highlighting this. A recent one was from the Defense Science Board Task Force. It stated that the United States would be 250,000 machinists short over the next 5 years. If you pick up a newspaper in any major city you will find help wanted ads for jobs such as computer programers, diesel mechanics, typists, auto body repairmen, all of which could be filled with graduates from vocational educational programs. And this is still true even in areas having unemployment rates in the 10-percent range.

For many years our company has not been able to hire the number of graduates we wanted with associate degrees in manufacturing technology. About 2 years go I was asked to speak at a community college near Chicago. In preparing for the speech, I discovered they had an enrollment of several hundred in their manufacturing program, so I thought I had discovered a fertile field. On arriving at the school I found out—yes, they did have a large enrollment, but only 10 or 12 people per year completed as full-time students. The rest were hired full time in a company and

completing their degrees part time. We are just not producing enough people with this type of skill.

Another shortage is data processing. One of our facilities has a data processing co-op program with a community college. There have been 36 complete the program, of which 34 met the requirements for full-time employment. Again, there are not enough people in data processing available.

As my peers and I around the country discuss our major training problems over the next few years, we quickly zero in on electronics. At this point we are not sure we will be able to hire and train enough electricians to maintain the sophisticated tools coming into our factories.

In a large, established plant we can and do have electrician apprentice courses, but we all face a problem with new plants. And this is all types of companies. We cannot wait 4 years for the apprentice to graduate. In a new plant we need to hire people with usable skills.

Again the solution lies in the vocational education system. We are finding that we can take individuals with associate degrees in electronics and with some additional training make them functional as electronics repairmen. This can be done rather quickly.

If there is not a supply of this type of graduate, U.S. industry will be in trouble—very soon.

In the next few days this group will be contemplating cutting the budget for education. I am sure that most people who appeared before this and similar committees have said the same thing. "I am in favor of cutting Government costs, but don't do it to my program." I am not going to say it, but—vocational education does have merit, it complements the President's program to combat inflation and increase productivity. I hope you will consider these positive features as you contemplate where the cuts are to be made.

Mr. ERDAHL. Thank you very much, Mr. Gumbel.

Since we began our hearing, we have been joined by Congressman Hawkins of California and Congressman Goodling. I have some questions, but first I will yield to Mr. Hawkins.

Mr. Hawkins, do you have any questions at this time?

Mr. HAWKINS. Mr. Gumbel, I was impressed with your last paragraph in which you indicated that the usual testimony of those coming before the committee is something to the effect, "I am in favor of cutting costs, but do not do it to my program." I am not sure you are saying that or whether you attack that logic.

Mr. GUMBEL. I do not attack the logic of it, no, but I think we all have our personal interest.

Mr. HAWKINS. Are you saying it, too, that we should not cut vocational education, but we should be cutting Government costs?

Mr. GUMBEL. Yes; vocational education bothers me, I have that interest. But you are looking at the total field of education, and it appears the vocational side is certainly more productive; maybe use a knife instead of a meat cleaver when you go at it.

Mr. HAWKINS. Each of the other interests also says the same, but we are in the position that we must do something, and we cannot take the position that we can be selective if we agree with the logic that Government costs have got to be cut. If that is the premise on

which we predicate action, then obviously vocational education has to be cut also, but are you suggesting that this is not a wise thing to do, it is not effective. If you are saying that and one by one we eliminate them, then are we not really approaching the subject of the Federal budget in a rather loose fashion, or let us say, upside down fashion?

Mr. GUMBEL. I would think not. Right now the economy is not great, and we have had to lay off a lot of people. We certainly did not cut production in those parts of the line we had sales for. We looked to cut the production and consequently costs in those areas that did not have a market or possibly were not as profitable.

Mr. HAWKINS. Would you then say the way you approached your business, that so should we, that we should not think in terms of budget cuts, but we should think in terms of what is productive, what is the proper expenditure to make, whether it is a cost-effective expenditure?

In other words, rather than deal with cuts, should we not be dealing with how we spend the taxpayers' money, just the same way as you deal with how you spend your money? That does not seem to be the logic that is suggested.

Everybody seems to say let us cut Government costs, regardless of whether or not there is a case that can be made for whether it should be done or not.

Well, maybe I am getting a little too involved.

Mr. GUMBEL. You and I could spend an hour on this.

Mr. HAWKINS. It is a thing we hear over and over again. We hear the President saying the same thing to the American public, without any particular justification where the cuts are going to be made. If he was operating a business such as yours, he would go bankrupt, if you operate on the theory that you cut without any selection whatever, whether it is productive or not. The case is made for cuts without attempting to justify whether the cuts should or should not be made. So everybody gets into the psychology that we have to make cuts, otherwise we are irresponsible, and that is why I suspect that we are going to end up cutting vocational education along with the rest of them despite the very fine testimony we have been hearing.

Mr. Sampson, in your statement on page 3, in the first full paragraph on that page, that leads off "In order to combat . . ." I assume that you also are including the State cuts that you have already discussed and the Federal cuts. You indicate these two cuts combined constitute a 20-percent reduction in both State and Federal support and would end up closing all but three of the centers. That seems to be a pretty drastic conclusion, that such a small amount of loss of Federal and State funds would reduce the educational centers to only three.

Could you possibly give us a little clarification?

Mr. SAMPSON. Yes, try to at least.

The area vocational centers in the State of Illinois are unique in terms of educational institutions. They in essence have no tax base. There are no local tax dollars supporting them other than tuition payments that are made by the districts that send students from their school to the area vocational center. They are housed in

regular high school facilities and would probably be continued because they are an integral part of a comprehensive program.

The others are in separate facilities, separate locations in many cases. The only source of revenue they have is the tuition they charge to the neighboring districts who send their students to those programs to meet low-incidence, high-cost need.

The premise is because of the split in funding of the Federal and State dollars, area vocational centers are funded at a much higher percent than either high schools, community colleges, or other types of education.

So, the impact of a reduction to those institutions would be very quick and very severe. Those figures came from our State department of education, Illinois State Board of Education now.

Mr. HAWKINS. Your explanation clears up the statement very well.

Thank you, Mr. Chairman.

Mr. ERDAHL. Mr. Goodling, have you any questions or observations you would like to share?

Mr. GOODLING. Just one comment. I am sorry I was late. We were hearing the Chilean Ambassador's side of the story. We heard the other side, so this morning we had to hear their side.

I would just like to mention to Mr. Gumbel that at each hearing we have had, I have asked the question as to whether some kind of tax incentive might not be a way to go in relationship to training of teachers and the updating of business equipment. In every hearing we have had, we hear three things: The vocational education people want more flexibility; they need money for training teachers; and they have a real updating-of-equipment problem.

Each time I have said: "It seems to me that in some areas they work very well and very closely with industry, but we have to do that all over the country." I do not see how any local or Federal government could ever supply that kind of money to keep retraining teachers and updating equipment, because everything is changing so rapidly.

So, I was very pleased to hear your testimony that there is a close association in the equipment and training areas, which I think is important.

The only other comment I would make is that we are looking forward to the day when all those laid off by your company in my district will be back on the job again in the private sector.

These are the only comments, Mr. Chairman. Thank you.

Mr. PETRI. I have several questions, and I am not sure who I want to address the first one to.

Let's look at the agonizing cut that is being proposed in this area by the new President in the area of vocational education, and put it in context. The cuts result in an overall cost in the nature of 1 or 2 percent, 20 percent at the Federal level, but 1- or 2-percent cut in national resources that would go to vocational education.

This could provide an opportunity for us to change the perspective, to change the Federal law, to get the job done for the consumer and individual more effectively than it has been done.

We are going to reauthorize the Vocational Education Act. We are really an authorizing committee, not an appropriating committee.

Do you have any ideas as to ways the law could be changed so that you would be freed to be more efficient or to do things that would produce a bigger bang for the buck at the State, local, or Federal level?

I hope that if you think of something a little bit later, you would send either myself or others on the committee a letter.

I just got back from visiting with high-school-level vocational education people in Sheboygan. They are pulling out because the cost to them of participating was greater than the amount of dollars involved. It was all being eaten up in paperwork rather than really helping them do the job. It was diverting them somewhat from helping to develop people's skills and was resulting in massaging numbers which were helpful to some administrator but were not really helpful to the student or the industry.

Dr. SORENSEN. With the amendments of 1976, we got extremely carried away with Federal requirements, guidelines, reporting mechanism. It was during the era when everybody was demanding that kind of reporting procedure.

Because of that, we have had a lot of problems at the State level trying to fulfill those requirements, jump those hurdles, have those reviews, changed our procedure, and at the second level in Wisconsin, as you indicated, they are pulling out. They say it is not worth it to receive the small amount they do get to do all this paperwork.

We are very concerned about the requirements, the guidelines required in the reauthorization.

Another is the State plan. The State plan, we all must develop. It is almost a foot thick nowadays and it is based on Federal requirements of individuals who sit here in the Office of Education and put it up against their requirements here in Washington.

A State plan should be just that, a good State plan, and it should be evaluated against the criteria of that State. To do that, we have been proposing that the regional educational offices—in our case, Chicago—be required to come out and look at that State plan, against that State, and in that State, and determine that I do not need 15 percent handicapped expenditures in northern Wisconsin, let us say, but I do have a handicapped problem in Milwaukee, and I can direct those funds based on my State plan to Milwaukee the same with the disadvantaged, the minority. I am going to attempt to do that next year in the State plan, but will probably get knocked down for it. I will be directing more of my money toward my problems with pods of unemployed high school dropouts and so forth.

So the State plan is a very key element in making a good working State plan. Now it is a maneuver, a procedure we have to go through, and it does not carry much weight.

I have heard bloc grants passed around. This is a thing that many local officials would like. I am a State official. If you went the State bloc grant route, you would find that possibly it might be used to maintain existing programs. It may not get the direction, the creative leadership that we are able to do at the State right now in redirecting dollars where the need may be.

I remember going into your district at Mercury Marine almost 1 year ago and asked, what can we do? What are you doing? There was not much I could do at that time. The State plan was in place,

everybody had received his money. I could not do much except to encourage this and find out what they were doing. There was not the directed money there. So, be aware of those areas.

Mr. SAMPSON. The reporting requirements popped into my mind immediately I think that would be one of the first reactions most people would have.

I, unlike Bob, am a local official. Our school district received in fiscal year 1980 about $92,000 to $96,000 Federal dollars that we can track. Most went into the hot lunch program, but we did receive vocational education reimbursement. When we get to the point the expenditure of preparing, filing, and maintaining reports equals the dollars we are receiving from outside agencies to run programs, we begin to lose a little bit of credibility with the need for that funding in the first place.

As Bob has pointed out, school districts vary so much that the set-asides are simply not practical in all situations. They are too little in some, too much in others. So, if that language could be loosened up to the point where those dollars could be directed to those areas of States where there is a real need, I think it would be a very beneficial type of change.

The bloc grants, again, I am on a local board of control, and I understand well the psychology that goes to work when money flows into a general fund and it loses any identity as to source. Even from the local standpoint, I think those of us who are involved in Illinois, at least, would oppose bloc grants from that standpoint. There needs to be some overall direction but there needs to be some flexibility in working with the State departments and local governing agencies.

Mr. PETRI. The problem ends up having to square a circle.

If you have mandated programs, then you end up with paperwork. If you have bloc grants, then you end up with less paperwork and you have to decide whether the local interest in the program is sufficient so they will in fact maintain and expand local effort or maybe there is not that much constituency for what you are doing, so why not give it a try? That is the other side of the argument.

Mr. SAMPSON. The point I was moving to was to move as much of the decisionmaking to the State level. If this could be moved from States, then to regions. I think that would be the right direction.

I would like to comment briefly on your comment as to what the 20-percent cut means on the local level.

In Illinois, about 85 percent of our program is underwritten by local boards of control. The State and Federal share is split on about another 15. Illinois is about a 4.2 to 4.5 State. So of the Federal dollars, we get approximately 4.2 to 4.5 percent.

Mr. ERDAHL. Thank you.

Just a couple of observations, then a couple or three questions.

We share that concern as we look at the mood of the country and Congress to make responsible costs. Maybe those of us on this committee would have the feeling that what we spend wisely for education in the long pull, could be termed as a good, sound investment, maybe one of the best ones we make, not only a social investment, but an economic investment which historically pays dividends. Yet we are under the gun.

Thanks to all of you for your presence and testimony today. If a major share of those cuts are upheld by this Congress, what are some areas where perhaps economies could be carried out? To whom can you turn? In my State of Minnesota, the Governor has come up with a similar position that you have in Illinois. They are making cuts there, too. Many local schools are under levy limitations, so we end up between a rock and a hard place.

We have an example here today where private industry obviously has participated in a responsible way. Maybe other companies are doing what the Caterpillar Co. is doing. Where do you see some economies that could be carried out in vocational education through cooperation and other things? It is a wide open question, but if anybody has some insight to share, I think it would be helpful to this committee.

Dr. SORENSEN. I am not sure—it is a loaded question. My plan thus far when the cuts come down is to do it across the board in all the various sections of the act. One of them that would be hit hard right off the bat would be the research component. We have two vocational study centers through the university, they would be looked at, we subsidize that.

Our office would be affected immediately. We funded 50 percent with Federal dollars, a lot of it due to the requirements that came in 1976, that would take its normal cutback, but beyond that I would do it across the board. They will all have to share in it.

I do want to try to protect as many dollars as I can from the State standpoint to attack the manpower shortage that is coming at us in 4 years, and that is protect the programs for the high school dropouts, the pods of relief that I want to go out. I would try to protect that as much as I can. If I move in that direction, then equipment purchase that the districts might use funds for or new staff innovations or instructor upgrading would probably take a harder than average cut.

Mr. ERDAHL. Anyone else on the panel wish to respond to that?

Mr. SAMPSON. I think there are some items in the budget that can be looked at, the research, the money that is spent to provide inservice training for our faculty, administrators, programs the State office would share in reduction of staff.

I would point out and additional testimony relates to this very directly—we have made tremendous growth in the quality of vocational education programs and their scope.

Some of the credit for that has to come from the leadership our State office has exhibited by providing consultants who have been able to work with consultants very effectively and with the passage of the act; a few years ago the evaluation requirement which in our State was translated into an onsite evaluation of our vocational programs involving practicing educators and administrators, businessmen, students, and others.

We have seen a very positive type of response to school districts with their vocational programs as a result of that. And some discussions I have here, has indicated that is one of the areas that programs would be cut out. I quite frankly feel from a local and broader level in our State that reductions at this point will impact on growth and quality of program. I think we have cut the fat out in the past few years. I do not think there is much there to remove

that will directly impact on the number of people we serve or our effectiveness in being able to serve them as clients.

Mr. ERDAHL. You may be saying, to use the old cliche, that if these cuts are implemented we are in the long run being pennywise and pound foolish?

Mr. SAMPSON. I would concur with that. The time will come, and come quickly, that vocational education has a major part to play in reindustrialization and other national priorty. If we in the short run reduce its effectiveness, it will take us longer and that many more inflated dollars to pick it up and get it going to the point where it can be effective.

Dr. SORENSEN. Every time we have inflation, our enrollments surge. We have thousands of students this year were turned away at the door because we can only take so many in the labs and shops. Our adult education enrollment has blown off the top of the lid. What do we do? At the same time we are talking about a downturn on vocational education funds.

We play a very important part in the Nation's economy. Our Governors have spoken year after year when they have tried to encourage new industry into the State or encourage present industries to expand. They push very forcefully that Wisconsin has a skilled manpower force. We do not have low taxes; we do not have the best weather; and we do not have too much energy up there to sell. We have to rely on the skilled manpower force, and it is working, with 92,000 new jobs in the last 10 years.

Mr. ERDAHL. Dr. Sorensen, I think it was you who mentioned that the number of persons who attended some college was significant in vocational education. Is this a new phenomenon?

Dr. SORENSEN. Yes, it is a new phenomenon. We did a study to try to determine how many students we do have in there that are college graduates or at least are taking some courses. We found a very significant number. They make excellent students. We have found, when they went to college, it was not for them. They were probably forced to go to college by their parents, even some counselor, but they come in with that degree and then go out and earn excellent salaries.

Mr. GUMBEL. At this point, we have almost the same situation. I recently made the same study, 400 apprentices had their college degrees. I saw some figures like 40 percent of the people are going on to college, 15 percent of the jobs require college, 15 percent are going into vocational education and 15 percent of the jobs were really out of balance in this area.

Mr. ERDAHL. I want to commend you and your company in what has been a cooperative effort in education. Incidentally, for your information, I spent hundreds of hours on an old Caterpillar tractor back on the farm in Minnesota. You do make a good product.

The question I have is, are you aware of similar contracts other companies and corporations are also involved in?

We have in Minnesota some of the high-technology companies, Honeywell and others. Maybe you could share briefly for the record, if you have some information on that, innovative things you think could be done, not only by your company but by industry in general, in linking—that is a new term we hear around the Con-

gress—in linking the training to the job, which seems to make eminent good sense to me.

Mr. GUMBEL. Specifically, no. But my colleagues around the country, we meet once a year for a talk, major companies, everybody is involved in something with the schools. We are all facing these same types of shortages. The innovative is whatever works in your particular area. It might be in Cleveland, I know there is a major expansion they have with an industrial association going on. Rochester, I have heard a lot about it. All over the country, there are pockets, but it is what is right for your area at the particular time.

Mr. ERDAHL. Through this type training, is your company and other companies able to provide permanent employment for people trained in this cooperative venture, or do they go to other companies?

Mr. GUMBEL. We have another tractor company, called John Deere——

Mr. ERDAHL. Yes, I have heard about them.

Mr. GUMBEL. But retention is good for all of us as to retention. A person will be with you for 1, 2, 3, 4 years, and they tend to join the company, so the losses are minor.

Mr. ERDAHL. Mr. Petri.

Mr. PETRI. There has been a lot of talk about the concern about the cuts being professed in the budget. I have been surprised by the groups that have come forward who say, we realize there have to be cuts, but let us participate in the cuts, because we want to be part of a healthy pie and not preserving our employment corner of the world as the ship goes down. It has been with that spirit that others have come before this committee and each of us as members.

Second: I am curious to know if you think there is something that could be done in the neighborhood of moving job service more into vocational education rather than having it as a separate activity. It does not work very well. I have talked to the State job service in Wisconsin; when they hire a person, they call up the vocational high school. Caterpillar does not call up a federally supported job service. Your employment is probably handled by the vocational school in your community.

Do you have any comment at all, if in vocational education, we might do a better and more effective job of placement by integrating job service more or giving more funds to vocational education and giving less to job service?

Do you have any thoughts at all on that, or is that not worth even pursuing?

Dr. SORENSEN. I will cautiously answer that, Congressman Petri. As you know, Mr. Noel serves on my board, so I have to be careful.

Mr. PETRI. There was a considerable discussion about relooking at the entire job service approach because of the fact that it does not seem to be the real thing people in the real world rely on.

Dr. SORENSEN. Maybe one way to answer it is that we have a job service placement counselor right in our schools. Most of them today are financed through their particular office. What we are after is the statewide printout they get daily on microfiche, I believe. That is of value to our students. They also realize they

have excellent talent coming through our system and previous students wanting to change jobs.

Yes, it could be done. It would be another dimension that could be tooled up to work. What is happening is probably a move on the part of job service to try to take over vocational education, not as such take over, but they are delving more and more and more into education. An example is our CETA program which has been attached to job service in Wisconsin now. The Governor's employment training office has a proposal in. They were funded at least in the Governor's budget message for basic skills. What they are trying to do is what we have been trying to do for 15 years and having tremendous results and we are very efficient about it. But they are trying to move it more and more and more and more. We are watching it closely.

Mr. ERDAHL. Thank you very much.

I am pleased to note our distinguished colleague from Michigan, Dale Kildee, has joined us. I want to assure you that Tom and I have not participated in a coup here. We knew you were tied up some other place.

Mr. Kildee is a very distinguished, hardworking member of this committee, and I wonder if before we close you have any comments, observations, or questions you would like to share at this time.

Mr. KILDEE. I regret I was unable to be here to hear your testimony, but I will read the record.

Your appearance is appreciated.

Mr. ERDAHL. If there are no more questions, I want to thank all members of the panel for being here. Of course all your testimony will be available to our colleagues. Thank you so much for being with us today.

The meeting stands adjourned.

[Whereupon, at 11:15 a.m., the subcommittee was adjourned.]